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ABSTRACT

This book describes a 10-state study of work force development efforts in Florida, Iowa, Maryland, Massachusetts, Michigan, North Carolina, Oklahoma, Oregon, Texas, and Wisconsin. The book is organized in eight sections. Section 1 describes the overall visions and practices that states have created, examining the difficulties in implementing these visions in section 2. Section 3 analyzes the local-state relationships in the 10 states. Section 4 then details the roles of employers, whose participation is often seen as critical. Section 5 examines the special place of welfare "reform," which has been particularly mandating to state efforts to create coherent work force development programs. Section 6 summarizes the different meanings of coordination and system-building, presenting a hierarchy of coordination efforts as well as highlighting issues of quality. Section 7 clarifies the contradictions in state policies, pinpointing the special difficulties that have affected many states. Section 8 outlines the implications for state and federal policy, including a note on the likely effects of the Workforce Investment Act of 1998. (Contains 79 references.)

(KC)

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National Center for Research in  
Vocational Education

University of California, Berkeley

# Toward Order from Chaos

## State Efforts To Reform Workforce Development Systems

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# **Toward Order from Chaos**

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*by W. Norton Grubb, Norena Badway, Denise Bell, Bernadette Chi, Chris King,  
Julie Herr, Heath Prince, Richard Kazis, Lisa Hicks, Judith Combes Taylor*

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Statistics show that most job training programs do not succeed in moving recipients out of poverty, off welfare, or into long-term, stable employment. Why? Norton Grubb, NCRVE's Berkeley site director, offers some local explanations but suggests that the root problem is the disconnection between education and job training. Grubb recommends an overall reform for job training programs based on guidelines from the School-to-Work Opportunities Act, so that these programs incorporate integrated vocational and academic content; work-based education coordinated with school-based learning through connecting activities; and the connection of every program to the next in a hierarchy of educational opportunities. Warning us that a piecemeal approach will fall short, Grubb concludes that only such a fundamental revision will improve the meager results of job training programs. This study was prepared for the International Labour Congress in Geneva. By W. N. Grubb.

*MDS-1047/December 1995/\$12.00*

### **Readin', Writin', 'Rithmetic One More Time: The Role of Remediation in Vocational Education and Job Training Programs**

This report examines the expanding programs that provide remedial education to individuals enrolling in various forms of job-related education and training, including postsecondary vocational education, JTPA programs, and welfare-to-work programs. Based on interviews with providers of remediation, the current system is one with large numbers of referrals among programs, but with few mechanisms to ensure progress through the system and almost no information about effectiveness. The report concludes with recommendations for reforms in remedial education. By W. N. Grubb, J. Kalman, M. Castellano, C. Brown, D. Bradby.

*MDS-309/September 1991/\$15.50*

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**Order Amidst Complexity:  
The Status of Coordination Among Vocational Education,  
Job Training Partnership Act, and Welfare-to-Work Programs**

This report to the U.S. Congress, the Secretary of Education, and the Secretary of Labor analyzes the coordination between vocational education and Job Training Partnership Act (JTPA) programs. Because of the growing importance of welfare-to-work programs in the vocational education and job training systems, this report also examines the ways emerging welfare programs have been collaborating with educational institutions and existing job training programs. A set of case studies (MDS-214) provides more detailed evidence about this coordination. By W. N. Grubb, C. Brown, P. Kaufman, J. Lederer.

*MDS-063/August 1990/\$8.50*

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We began this research by soliciting advice from several sources about the most appropriate states to examine—that is, about the states that have been most active in reforming their workforce development systems. For their advice, we particularly want to thank Evelyn Ganzglass of the National Governors' Association; Bob Visdos of Network, an affiliate of the American Association of Community Colleges (AACC); Esther Rodriguez of the State Higher Education Executive Officers Organization (SHEEO); and Charlie Lenth of the Education Commission of the States (ECS).

# Executive Summary

During the 19th and 20th centuries, a complex system of education has developed in this country. Over a considerably shorter period—since the early 1960s—a different system of workforce development has begun to emerge, including various programs intended to prepare individuals for the labor force. The programs include vocational education, short-term job training, adult education, specific programs for certain populations (like welfare recipients and dislocated workers), state-funded training for specific employers, and the training employers provide themselves—creating a complex and ill-defined system, often charged with overlap, duplication, waste, and sheer confusion.

Recently, states have taken more active roles in reforming their workforce development systems. This report examines ten relatively active states—Florida, Iowa, Maryland, Massachusetts, Michigan, North Carolina, Oklahoma, Texas, and Wisconsin—through interviews with state officials and then with local administrators in at least two localities within each state.

In general, states have initiated reforms either because of economic decline, because of their own concerns about chaos and duplication in their workforce programs, or in anticipation of federal legislation. While there has been considerable variation among states, most have adopted a state-level administrative or advisory group, with a local or regional counterpart to plan and oversee local services. To be sure, both local and state agencies vary in the programs they include and the power they have, but the overall purpose is to establish more rational state policy and then to implement it at the local level.

States have also varied in the instruments they use to achieve their goals. Some have made extensive use of institution-building mechanisms, like advisory committees, consolidation of programs, technical assistance to the local level, and efforts to change the culture of local-state relations. Others have invested more in market-like mechanisms: performance measures and standards; performance-based budgeting; competition among providers; competition through subcontracting; voucher mechanisms; and better information to consumers, especially through one-stop centers. The new Workforce Investment Act of 1998 may also encourage vouchers through the Individual Training Accounts it encourages.

Most states have also recognized the need to stimulate the demand for employment, and have developed a variety of programs (including those providing training for specific employers) to stimulate demand. While there are fledgling mechanisms to coordinate demand-side policies with workforce development, these are still inconsistent in most states. However, the mere fact that policies stimulating employment demand have emerged,

and could be coordinated with policies providing more education and training, is a hopeful sign.

Not surprisingly, states have various challenges in implementing their reformed "systems." The most important of these is the instability which has occurred when new governors have changed policy direction. In contrast, states that have relatively consistent policies with bipartisan support—like Florida, North Carolina, and Oregon—have made the most progress. Other barriers to implementation have included resistance from education providers, inconsistencies in state practices, competing priorities for programs, the continuation of multiple advisory committees and substate entities, and the continued restrictions of federal programs and regulations. Thus, consistent policies, over longer periods of time, are necessary to overcome barriers to implementing a state's vision.

In addition, the development of active state policies is a departure from the past, when most states were content to let local programs coordinate as they desired—or not coordinate at all. By and large, states have not taken many directive measures, recognizing that local autonomy is both necessary and politically unavoidable. (The one great exception comes in welfare reform, where many states have required local communities to adopt a uniform state approach.) The most common policy has been one of "central guidance, local direction," where the state provides a vision, some guidance, and encouragement through funding for local communities, which, in turn, direct their efforts to plan and coordinate local programs. In this process, the development of one-stop centers has been a great help, since these have required a number of local programs to work together.

Not unexpectedly, local responses to state initiatives have been mixed. Some communities want to move faster than the state, and complain that state inaction has sometimes thwarted local initiative. Some, on the other hand, do not want to change their practices at all, and resent any encouragement or directive from the state. Overall, however, with much pulling and pushing on all sides, the entire structure of local and state efforts seems to be moving in the direction of greater coordination.

In these efforts, the roles of employers are widely thought to be crucial. Employers can play many different roles in workforce development, and states have adopted a variety of policies encouraging their participation. On the other hand, the tendency of some states to concentrate on welfare recipients has discouraged employers, who generally want to have little to do with this group; and inconsistencies in state policies have contributed to confusion over employer roles. This remains an area where substantial improvement is possible.

Many states had begun their reform efforts in anticipation of federal consolidation of vocational education, job training, and adult education in 1996. But consolidation did not pass; instead, Congress enacted a substantial reform of welfare, instituting many practices to get welfare recipients into

employment as quickly as possible—the philosophy of “work first,” as distinct from the belief in employment and training that underlies the workforce development system. In many states, education and training programs have welcomed the transformation of welfare agencies from places which merely certify individuals eligible for benefits, to ones that try to move welfare recipients into independence. However, in several ways, welfare reforms have undermined the efforts to improve workforce development systems. They have undermined the rhetoric about high skills and high wages, since they usually provide very short and low-level training. They have reversed the tendency to develop holistic and universal approaches, since “work first” efforts generally provide limited services to the welfare population only. They have distracted local and state policymakers, and, in some places, changes meant for welfare recipients have driven changes for the nonwelfare population as well. The welfare-related changes have also alienated employers and exacerbated local-state tensions. While it is too soon to know what the ultimate effects of welfare reform will be, its spillover into other dimensions of workforce development have been largely negative.

States mean different things when they reform their workforce development systems. In the variety of state efforts, we can discern a rough hierarchy of efforts to link programs. These range from information-sharing among programs, to referrals of individual clients or students, to joint service delivery where programs collaborate in providing employment services. Joint planning, the deliberations around one-stop centers, and various state inducements have all helped local and state programs move up this hierarchy of coordination, while shifts in state policies and the preoccupation with “work first” have stalled these efforts.

A different dimension of system-building is the improvement of the quality of individual programs. It is much easier to coordinate programs that are of high quality; conversely, other programs do not like to work with those perceived to be of low quality. Many states are trying to improve quality through performance measures, while others—notably North Carolina—have increased technical assistance. In general, however, dimensions of quality have not been especially prominent in state reforms, and most local and state officials could not provide well-considered conceptions of quality or name exemplary programs. This remains a central issue to address in the future.

Other unresolved issues include the continued separation of education from training, the difference between the rhetoric about a skilled workforce and the reality of low-quality programs, and the debate between institutional versus market-like approaches to reform. However, compared to a decade ago, there is considerably more discussion of all these issues. The reforms that states have tried so far have clarified the options they face, and federal policy—particularly in the Workforce Investment Act of

1998—is likely to encourage further state efforts at coordination. To be sure, the development of coherent workforce development systems is far from inevitable—after all, some states have reversed their progress, others have barely begun, and there is considerable skepticism that greater coordination is worth its political costs. Nonetheless, the direction of movement toward more coherent systems is unmistakable.

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# Acronyms

AFDC	Aid to Families with Dependent Children
ATC	Advanced Technology Center
CBO	Community-based organization
CET	Center for Employment Training (San Jose, California)
CETA	Comprehensive Employment and Training Act (1973)
DBED	Department of Business and Economic Development (Maryland)
DHR	Department of Human Resources
DOL	Department of Labor
EDJT	Economic Development Job Training Program (Michigan)
ES	Employment Service
ESL	English as a Second Language
FETPIP	Florida Education and Training Placement Information Program
FSETP	Food Stamp Employment and Training Program
GWIB	Governor's Workforce Investment Board (Maryland)
HRIC	Human Resource Investment Council
HS/HW	High-Skills/High-Wages initiative
ILO	International Labor Office, Geneva
ITAs	Individual Training Account
JOBS	Job Opportunities in the Business Sector (1988)
JTPA	Job Training Partnership Act (1981)
MESA	Michigan Employment Security Agency
MJC	Michigan Jobs Commission
MOS	Michigan Opportunity System
NCRVE	National Center for Research in Vocational Education (University of California, Berkeley)
NSSB	National Skill Standards Board
OECD	Organization for Economic and Cultural Development (Paris)
OJT	On-the-job training
PIC	Private Industry Council (JTPA)
RAB	Regional Advisory Board (Iowa)
REB	Regional Employment Board (Massachusetts)
RWQC	Regional Workforce Quality Council (Oregon)
SDA	Service Delivery Area (under JTPA)
SJTCC	State Job Training Coordinating Council (under JTPA)
SOICC	State Occupational Information Coordinating Committee
STW	School-to-work programs, especially as funded by the School-to-Work Opportunities Act of 1994
TANF	Temporary Assistance to Needy Families
TCWEC	Texas Council on Workforce and Economic Competitiveness
TWC	Texas Workforce Commission
UI	Unemployment Insurance

VET	Vocational education and training
W2	Wisconsin Works!
WAGES	Work and Gain Economic Self-Sufficiency
WDB	Workforce Development Board
WDI	Workforce Development Institute
WIA	Workforce Investment Act of 1998
WQC	Workforce Quality Council (Oregon)
WtW	Welfare-to-Work

## **INTRODUCTION**

# **The Growing Concern with Workforce Development**

During the 19th and 20th centuries, an imposing system of public and private education developed in this country. After two centuries of slow changes, the result is a complex of schools, colleges, and universities, larger than in virtually any other country. This system is marked by substantial regularity, with specific institutions (high schools, say, or community colleges) relatively similar across the country and with well-established patterns of progression among institutions—almost as if it were developed by a grand vision. But there has never been such a vision. Instead, a much more fragmented process has built this structure—local institutions starting and stopping, fifty states developing their own approaches, and the federal government providing smaller amounts of support. Over the years, millions of citizens, educators, policymakers, and reformers have pulled and tugged at different components, reforming institutions, creating linkages among them, and molding the complex system we now have.

Over a considerably shorter period of time—little more than three decades—a different system of occupational preparation has begun to emerge in much the same way, from state and federal support, local experimentation, and considerable wrangling about the results. This “system,” as befits its relative youth, is not as settled as formal education has become. Its purposes are often muddled, its institutions and programs are more fluid and varied, the linkages among its components are largely undeveloped, its boundaries are murky, and its effects are much less clear. The variations among localities and states are even more substantial than they are in the education system, with differences shaped by the relative power of governors and legislatures, the balance of local and state funding and authority, local and state economic conditions, and population characteristics. This complex of programs includes postsecondary vocational education, adult education, short-term job training programs (including some for specific populations such as dislocated workers or welfare recipients), private providers of training, and training for the existing workforce. (As we will see, the boundaries of this system—which programs are considered part of it, and which are not—are fluid and vary from state to state.) This system has emerged in part because existing education programs have not met certain needs, and so there is substantial demand for the services provided by workforce development programs. But the chaotic nature of this system of workforce development has been an endless source of frustration for individuals trying to gain access, for

employers looking for well-trained workers, and for policymakers trying to understand—and perhaps even improve—the system.

In this monograph, we examine one moment in time, within the longer evolution of workforce development, by analyzing ten states—ten relatively active states—that are trying to reform their education and training systems. The changes that are being attempted are illuminating both because they illustrate the variety of approaches that localities and states can take, and because their successes and failures indicate which reforms might improve effectiveness and which are counterproductive. But no one should have any illusions that any single vision will emerge, or that any state can be completely consistent. Even as clarity is emerging in some states, the process is complex, slow, and incomplete; as a policymaker in Oklahoma described the problem, "You can't eat an elephant in one bite." And the process of reform continues: Even though we hope that our general conclusions are correct, the details of what states are doing are already out of date.

## *The Growth of the Elephant: Defining the Workforce Development System*

We first need to define the systems that we will examine and that states are trying to reform. The programs<sup>1</sup> we examine all intend to provide individuals with the competencies necessary for employment; unlike education, they are usually unconcerned with political, moral, and intellectual purposes. The vocabulary by which this emerging system is described varies; sometimes state officials refer to it simply as "training," sometimes as "vocational education and training" (or VET), and increasingly as "workforce development." A conventional history starts with manpower programs established by the federal government in the early 1960s to combat the unemployment and poverty of that period. Establishing a pattern that has contributed ever since to the complexity of the system, the early manpower programs viewed schools and community colleges as inadequate for providing short, job-specific training for individuals who had not done well in their formal schooling. Therefore, services were provided outside the education system, particularly by

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<sup>1</sup> There has been some fruitless discussion about the differences between *programs* and *institutions*, since workforce development systems may encompass a variety of institutions, like community colleges, as well as programs, like JTPA, that typically contract with CBOs, adult schools, proprietary schools, community colleges, and other providers that are not generally considered institutions because their practices are not uniform or well-codified in state statutes, national organizations, or organizational norms. This is not the place to debate the differences between institutions and programs, so we will refer to all providers of education and training as programs.



community-based organizations (CBOs). The early manpower programs proliferated and were then consolidated in the Comprehensive Employment and Training Act (CETA) of 1973. This cycle went around one more time as the Job Training Partnership Act (JTPA) of 1981 consolidated and reorganized these short-term job training programs. Programs such as the development of training targeted towards dislocated workers continued to multiply. Most recently, the Workforce Investment Act (WIA) of 1998 was signed into law in August 1998, a development we examine briefly in Section VIII.

Another line of development involves education, training, and other services for welfare recipients. First articulated in the 1962 Work Experience and Training program and in the "services strategy" of 1967, this system provided services like child care and transportation so that welfare recipients could find employment. This approach was expanded upon in various welfare-to-work experiments of the 1980s and in the Job Opportunities in the Business Sector (JOBS) program incorporated in the Family Support Act of 1988, providing state and federal revenues for job training, work experience, remedial education, and various supportive services. This cycle, too, has gone around one more time, as the welfare "reforms" embodied in the Personal Responsibility and Work Opportunities Reconciliation Act of 1996 have imposed new requirements to move individuals off welfare, creating new pressures on state education and training systems. (This issue is examined more carefully in Section V.)

Over time, federal legislation has tended to increase the particular groups eligible for short-term job training programs, including such categories as dislocated workers unemployed because of sectoral shifts, food stamp recipients, those injured on the job and needing vocational rehabilitation, veterans, and a bewildering variety of others. Federal legislation has also tended to go beyond high schools and colleges for the kinds of institutions that provide VET, sometimes because of the understanding that existing institutions have been unresponsive to the needs of populations such as the poor, the unemployed, or the disabled, for example. In addition to short-term programs considered *training* and administered by the Department of Labor, various *education* programs supported by the Department of Education overlap in their purposes.<sup>2</sup> Adult education providing remedial

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<sup>2</sup> The distinction between *education* and *training* is itself a difficult issue. Typically, job training is much shorter, and focuses on relatively job-specific occupational preparation; whereas education usually includes a variety of intellectual, political, and moral goals as well, or broader conceptions of occupational preparation. Training is usually provided only to individuals who are eligible in some way—for example, by virtue of being long-term unemployed, a dislocated worker, a welfare recipient, or an employee of a particular firm—rather than being available to all. Training takes place in a variety of organizations, including CBOs, unions,

education and English as a Second Language (ESL), vocational education in area vocational schools and community colleges, and grants and loans for higher education students (which support some students in community colleges and proprietary schools) are particularly likely to overlap with job training. Other federal agencies have jumped into the act, including the Department of Housing and Urban Development which supports YouthBuild, a program to train youth in construction skills, and other training efforts for residents of public housing. Still other federal programs, while they do not provide education or training, are related to employment; for example, the Employment Service (ES) has provided information about job vacancies and limited job counseling, and the Unemployment Insurance (UI) provides short-term income support for unemployed workers during a period of job search. As a result of these many strands of development, a bewildering array of programs related to employment and training exist. When the General Accounting Office (1995) examined them in 1995, it counted 163 programs spending \$20.4 billion.

In the meantime, states have elaborated their own programs. Area vocational schools serving both high school students and adults, community colleges serving a multitude of students, and adult education with substantial state as well as federal funding are the most obvious institutions providing education and training for work, and these have expanded substantially since the 1960s—especially community colleges. States have provided their own funds for welfare-related training and supportive services, with federal matching funds under Aid to Families with Dependent Children (AFDC) and, since 1996, with a federal block grant for Temporary Assistance to Needy Families (TANF). Almost every state has enacted a program of training linked to economic development, providing public subsidies for the training of existing employees. Some of these operate through community colleges, as we will see; while others allocate funds to employers themselves or to CBOs. Therefore, like the federal government, states have found themselves with a plethora of programs, some state-initiated and funded, and others largely federal. Like the GAO (1995) report mentioned above, states have often tried to count the number of education and training programs in their own studies of proliferating programs. When North Carolina carried out such a study in 1992, for example, both legislators and the public were amazed to discover that the state spent \$800 million on 49 different education and training programs administered by eight separate agencies, and that no one agency has authority over or information

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and firms, as well as educational institutions. Training programs are more likely to provide a variety of services (like child care and transportation) than most educational institutions, and they have historically been supported more by federal rather than state funding. On the nature and usefulness of the distinction between education and training, see Grubb (1996a), Chapter 1.

about all of these programs. Arizona counted 26 major state and federal programs, under four federal and at least six state agencies, with both the number and funding of programs increasing substantially. In Oregon, a 1989 study by the Legislative Fiscal Office found at least 13 agencies managing 50 separate programs related to job training, retraining, and placement.

Because workforce development programs have developed in largely unplanned and uncoordinated ways, the boundaries of the system are unclear. Some efforts are essentially private and outside of government responsibility such as the training efforts by firms of their own employees; some are private but weakly regulated such as the training offered by proprietary schools. While these are important components, in this report we concentrate on the public programs established by state and federal governments, since they are the heart of the workforce development systems. In addition, there is substantial overlap between workforce development and education, particularly in community colleges, technical institutes, and area vocational schools that participate in both. Indeed, boundary issues—what's in and what's out of workforce development—are very much at stake, particularly in considering local and state governing mechanisms.

The multitude of purposes complicates the issues of boundaries. In contrast to most education, which concentrates on preparation *before* individuals enter employment, the workforce development system includes at least four types of preparation<sup>3</sup>:

1. *Pre-employment education and training* prepares individuals for initial entry into employment, and is often aimed at younger individuals.
2. *Upgrade training* provides additional training for individuals who are already employed, as their jobs change or as they advance.
3. *Re-training* provides training so that individuals who have lost their jobs can find new ones, or so that individuals who seek new careers can develop the competencies necessary for other employment.
4. *Remedial training* provides education and training for individuals who are in some way at the margins of or out of the mainstream labor force—typically those who have been unemployed for long periods of time, those who are underemployed and in poverty despite employment, and welfare recipients.

Some institutions in the workforce development system, particularly community colleges, provide all types of preparation; others specialize in

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<sup>3</sup> This typology comes from Grubb and Ryan (1999, forthcoming). It is similar to various typologies of programs used in the international context, like those developed by OECD and UNESCO.

one or two. Finally, most of these programs emphasize *postcompulsory* education and training. While we will sometimes refer to school-to-work programs aimed at high school students because they have been used to bring different providers together, we concentrate in this monograph on programs for adults—again, because they are the core of workforce development.

When state and federal governments contemplate what they have created, the same complaints emerge over and over. One is simply that the variety of programs and purposes is difficult to comprehend, so that both individuals seeking education and training and employers looking for skilled workers (or seeking to upgrade the skills of existing workers) do not know where to turn. Another is the concern with the duplication of services and the consequent wasting of public funds. While complaints about duplication and waste are often exaggerated,<sup>4</sup> policymakers are understandably disconcerted when they see several programs providing similar job training, or when adult education, community colleges, and job training programs all provide remedial education in different forms. A third potential problem is that individuals may need several complementary services but be unable to find them in one place; thus, someone who needs vocational skills, remedial academic skills, and supportive services like child care may be unable to get all three from one program. From an administrative perspective, the need to adhere to detailed federal regulations or, even worse, to obey several conflicting sets of state and federal regulations, may force programs to become rigid, bureaucratic, unresponsive to local conditions, and generally ineffective. A final concern is that certain programs and institutions may be of low quality, partly because they have never faced any competition or mechanisms of accountability and partly because they may be poorly designed in the first place.

The process of creating new programs has formulated some self-correcting mechanisms intended to foster coordination. At the federal level, the consolidation of training programs in CETA in 1973 and JTPA in 1982, and most recently the WIA of 1998, reflected in part the exasperation with the proliferation of training programs. JTPA has allocated funds specifically for the coordination of vocational education and job training, and federal legislation often requires agencies to approve the plans of others. In a similar vein, the 1992 JTPA amendments encouraged states to develop Human

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<sup>4</sup> In NCRVE's examination of the coordination of JTPA and vocational education, we were unable to find much waste and duplication because different programs providing what appear to be similar services often serve different populations with somewhat different approaches, and because demand is greater than supply for many services (e.g., ESL and remedial education). See Grubb, Brown, Kaufman, and Lederer (1989, 1990a, 1990b); see also Grubb and McDonnell (1996).

Resource Investment Councils (HRICs) to plan and monitor federal training funds for job training, vocational education, and adult education. In an effort to cut the Gordian knot of proliferating programs once and for all, Congress contemplated a consolidation of vocational education, job training, and adult education funds in 1996, a process that would have virtually eliminated federal regulations and would have allowed states to fashion their own systems combining state and federal resources. The 1996 efforts failed, however, and the most recent Congressional efforts—the WIA of 1998, and legislation for vocational education being considered in fall 1998—maintain the divisions in funding among job training, vocational education, and adult education.

At the state level, frustration with the chaotic system has led many states to begin their own forms of coordination or consolidation; other states initiated consolidation in anticipation of federal workforce legislation, as we shall see in Section I. Indeed, the pace of state interest in reform has increased considerably. Ten years ago, most states were content simply to follow federal regulations about coordination and spend federal coordination funds, but they rarely added any initiatives of their own; they generally allowed local control. Most successful forms of coordination and most program innovations were local, with local officials vociferous in their complaints about both state and federal constraints.<sup>5</sup> Currently, however, a number of states—including the ten we examine as well as many others with new advisory committees, state HRICs, and super-agencies overseeing both education and training programs—are experimenting with state policies designed in some way to consolidate, coordinate, or otherwise reform their education and training systems.

The time is ripe, therefore, to examine these state activities, to understand what they are and to examine what influence they have on local programs. In emphasizing *state* reforms, we are implicitly assuming that state rather than federal initiatives will continue to dominate. Partly this reflects the political realities of the past several decades, when federal legislation has increasingly provided states with the authority to make decisions through various block grant and consolidation proposals. Even where federal funding and regulations persist, waivers of federal regulations have become increasingly common, and even (as we will see in the case of Oregon) institutionalized in durable agreements. The importance of states also comes from the fact that most programs considered *education*—including postsecondary vocational education in community colleges, as well as adult education—to be largely the responsibility of the states, so that creating a

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<sup>5</sup> See especially the earlier NCRVE reports by Grubb et al. (1989, 1990a, 1990b), Grubb and McDonnell (1996), the NCRVE report for NAVF by Grubb and Bailis (1993), and the literature review by Bailis and Grubb (1993).

coherent education and training system requires the active engagement of state governments.

We can have no way of knowing whether developments in state workforce development systems will continue to parallel those in education. We may be witnessing a period of rationalization and system-building based on state initiatives that will eventually result in better articulated programs and more effective systems, though it is also possible that the state reforms we examine reflect only temporary interest on the part of a few states. As we will see, some states have made substantial progress only to have a new governor change course abruptly, or a new priority (like welfare "reform") supersede earlier innovations. But we can at least see some directions that, if developed consistently over the coming decades, could well create much more coherent and effective workforce development systems. The direction of change is unmistakable: the structure of local and state efforts is moving in the direction of greater coordination and coherence, even if, as in the development of the education system, it is uneven and varied from state to state.

### *The Methodology and Scope of Our Inquiry*

Initially, we chose ten states to examine, drawing upon our own knowledge of state developments<sup>6</sup>, on information from other national organizations, and on preliminary phone calls to a few states whose reforms were unclear. We were looking for states that had made a conscious effort to reform their workforce development systems in some way, that had emphasized reforming more than one or two programs, and that had ideally been engaged in reform for several years. We also wanted a variety of states, and a variety of approaches to reform. We ended up rejecting several widely cited states with planning councils that were advisory only and relatively powerless, and states that were in the midst of political upheaval precluding any real reform. The following were the states we chose:

1. Florida, which began its reforms in the late 1980s and has consistently promoted a series of performance-based and market-like reform mechanisms.
2. Iowa, which also began its reforms over a decade ago and has been making steady progress, specifically with innovations in funding economic development.

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<sup>6</sup> At the Center for the Study of Human Resources, a study in 1996-1997 examined six states after considering more limited workforce reform efforts in 15 states (see King & McPherson, 1997). The NCRVE research on coordination among vocational education, job training, and welfare (see footnote 2) provided us other background information, though much of that was dated.

3. Maryland, which had begun a series of reforms under the Governor's Workforce Investment Board (GWIB) dating from the late 1980s, and then reversed course.
4. Massachusetts, which had begun a series of reforms in the mid-1980s, interrupted them during a period of economic decline, and then resumed reforms in very different ways under Governor William Weld.
5. Michigan, which developed the innovative Michigan Opportunity System in the early 1990s and then reversed its efforts from a bottom-up, client-oriented system to a top-down, employer-driven system, more concerned about welfare and business pressure for short-term, job-specific programs.
6. North Carolina, which has followed an economic development policy since the late 1950s, with novel approaches to both workforce development and its community colleges.
7. Oklahoma, which has adopted a unique voluntary approach to coordination.
8. Oregon, which has a strong reputation as a state emphasizing workforce development, fostering collaboration, and implementing innovations (like the Oregon Option and Certificates of Initial Mastery).
9. Texas, which began its efforts in 1989-1991 with several studies and then consolidated numerous programs in the Texas Workforce Commission.
10. Wisconsin, a strong-governor state that has been widely cited as being in the forefront of workforce development reforms, but has since turned its attention to welfare reform and "work first."

In addition, several individuals suggested that we visit Arizona, particularly to look at the variety of activities in the community colleges there. Arizona has concentrated on economic development and establishing one-stop centers as joint planning mechanisms. The Maricopa County Community College District provides an interesting case of community colleges playing central roles in a local workforce development system, and so we will mention it from time to time.

These states are not a random sample of states, but they do display considerable variation. They span all regions of the country, and most of them include a mix of urban and rural populations. Several (Massachusetts, North Carolina, Oregon, and Wisconsin) have enjoyed particularly low unemployment rates recently; none of them is a particularly high-unemployment state, though Texas has pockets of very high unemployment in the Rio Grande Valley (along the Mexican border). Several (Florida, Iowa, Massachusetts, North Carolina, and Oregon) have been engaged in reforms for a decade or more; while others are newcomers. Several (like Iowa, Michigan, North Carolina, Oregon, and Wisconsin) are states with strong governors, while Oklahoma and Texas are widely recognized to be

weak-governor states. For our purposes, they are sufficiently varied so that any conclusions are unlikely to depend simply on the particular sample chosen.

In each of these states, we interviewed state-level officials responsible for community colleges and technical institutes, JTPA, one-stop centers, welfare-to-work programs, adult education, and state-funded economic development initiatives, and we interviewed officials of any state-level coordination councils or super-agencies. In addition, we spoke with legislative staff for the committees with responsibility for education and training. These interviews were designed to clarify the origins, structure, and effects of any reforms, the political issues at the state level, and the problems in implementing state initiatives. (The protocols for these interviews are included in Appendix A.) They provided good overviews of state reforms and a variety of perspectives, though officials tended to be descriptive rather than evaluative, and many could provide neither historical nor comparative perspectives across states.

In order to get a local perspective on state reforms and on the balance of local and state initiatives in these reforms, we chose two communities in each state to visit. We chose these communities using several criteria. We included at least one community that was reputed to be well along in implementing state initiatives, based on information from state officials; we sometimes included a local community with a reputation for strong local coordination, regardless of whether it developed in response to state initiative or was locally developed. We also tried to pick a typical or dominant urban area (like Baltimore or Boston) and a more rural area (or, in the case of Massachusetts, a smaller city). Appendix B lists the local communities we examined. We interviewed the heads (or other knowledgeable individuals) of local community colleges; adult education programs; the JTPA administering agency; welfare offices; local or regional coordination boards; and, where they existed, one-stop centers. These interviews concentrated on local perceptions of state reforms, the nature of local changes, and the balance of local and state initiatives. The protocols are contained in Appendix A. Because we guaranteed confidentiality to those we interviewed, we do not identify any of them when we quote them except by a general description.

A third component of our study did not work well. At both the local and state levels, we asked officials to nominate exemplary programs (see question 9 in both protocols). Our purpose was both to get some idea of how local and state officials conceive of quality, and to gather nominations for exemplary programs that we might then examine more carefully.<sup>7</sup> As it

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<sup>7</sup> During 1998, we will continue to expand this list of nominated programs and will visit a number of them, analyzing what they do and how they measure up against the criteria of quality we have outlined in Box VI.2.

turned out, most local and state officials could not respond in an informed way to this question (see discussion in Section VI). Aside from legislative requirements—enrollment targets, or performance measures in JTPA, for example—they had few clearly defined ideas of what high-quality programs might be. They generally did not spend enough time visiting programs to be knowledgeable about their core components.

Not surprisingly, we found substantial variation among the ten states we examined. Some—particularly Florida, North Carolina, and Oregon—have made real progress in a relatively consistent direction over a number of years. Others are making progress, but at a much slower pace; still others have changed course so that earlier changes have been undone, or contradicted by new directions. But we remind readers that, regardless of the progress they have made, these ten states are among the most active in the country. If many of these states have failed to change very much, we suspect that this is doubly true for most of the 40 states we did not observe.

The workforce development system is a moving target, and some of our facts are already out of date. We interviewed local and state officials in the summer and fall of 1997, and checked our conclusions in winter and spring of 1998. However, particularly in states with fast-moving developments like Florida, some of the policies we describe have already been superseded by others, or problems in implementation have been overcome, or other changes have developed. For example, in Massachusetts, Governor Weld reorganized state government in fall 1997 and created a new agency—the Department of Labor and Workforce Development—with responsibility for many programs (see Table 1); the Massachusetts Jobs Commission, which had previously been quite influential, is no longer setting the policy agenda for the state. And such changes will continue to take place in almost all the states we examined. We, therefore, place our emphasis not on the small details of different local and state practices, which are bound to change, but on the larger patterns among these ten states.

In Section I, we describe the overall visions and practices that states have created, examining the difficulties in implementing these visions in Section II. Section III analyzes the local-state relationships in the ten states. Section IV then details the roles of employers, whose participation is often seen as critical. Section V examines the special place of welfare "reform," which has been particularly damaging to state efforts to create coherent workforce development programs. In Section VI, we summarize the different meanings of coordination and system-building, presenting a hierarchy of coordination efforts as well as highlighting issues of quality. Section VII clarifies the contradictions in state policies, pinpointing the special difficulties that have affected many states. The final section outlines the implications for state and federal policy, including a note on the likely effects of the WIA of 1998.

## **SECTION 1**

# **Recent State Reforms: Visions and Strategies**

Our ten states have taken different directions in reforming their workforce development systems. Fortunately, that variety is instructive about the efficacy of different approaches. In this section, we concentrate on what states have intended to do, leaving the implementation issues to Section II and the effects on local programs to Section III. We first review what caused states to initiate reforms. We then describe the reforms themselves and the mechanisms, or "instruments," that states have used to change their workforce development system. The progress that states have made turns out to depend heavily on the stability and consistency of their efforts over time, as we clarify toward the end of this section, and so the importance of political factors is clear.

### ***The Impetus for Reform***

During the 1980s, very few states had thought much about reforming their workforce development systems in systematic ways. Since then, several developments have prompted states to become more active:

- Declining economic conditions forced some states to take a more active role in improving their economies, and enhancement of education and training became one of the policies to reverse declining conditions and enhance competitiveness. For example, Oregon's timber and wood processing industries suffered badly in the 1980s, and unemployment rose into double digits. In response, a strategic planning process led by Governor Neil Goldschmidt produced a 20-year plan, *Oregon Shines*, with workforce development as one of its three priorities. Massachusetts released a report called *Choosing To Compete*, also stressing the role of education and training. Similarly, the decline in Iowa's agricultural base, along with a major reorganization of state government, caused the Department of Economic Development to prepare a strategic plan to include business and industry, educational institutions, and local economic development officials. The initial plan, *New Opportunities for Iowa*, released in 1987, included various recommendations to refine the state's education and training programs. And when Arizona identified ten economic clusters for recruitment and expansion in the early 1990s, education was earmarked as one of seven mechanisms to achieve this kind of economic development.

- Some states discovered on their own the bewildering variety of workforce development programs, and took steps to reduce the chaos and duplication well in advance of any federal initiatives. For example, a study conducted in 1985 by the Wisconsin Department of Industry, Labor, and Human Relations found over 40 programs scattered in 12 agencies. In response, Governor Tommy Thompson created the Wisconsin Jobs Council in 1987 to develop a framework for coordination and began supporting Job Centers, which were early versions of one-stop centers. The earlier mentioned studies in Arizona, North Carolina, and Oregon are other examples.
- Some states began their coordination efforts in anticipation of federal consolidation in 1996. In Oklahoma, a weak-governor state, state agency directors had been discussing the need for some kind of coordination; the prospect of federal consolidation strengthened their resolve to initiate a voluntary Workforce Quality Compact starting in January 1996. Their efforts have continued with gubernatorial support despite the failure of federal legislation.
- Some states reflect a mixture of influences. In Texas, for example, a legislative mandate and some "good government" Republicans recognized the lack of coordination among programs and generated several reports in the early 1990s. Legislation was then introduced in 1993 and finally passed in 1995, spurred in part by anticipation of consolidation. The reforms enjoyed bipartisan support, first with a Democratic governor (Ann Richards) and a Democratic legislature in 1993, and then under a Republican governor (George Bush Jr.) and a more mixed legislature in 1996.

To some extent, the states that began their reforms in anticipation of federal consolidation were left high and dry when consolidation failed to pass. They found themselves trying to coordinate federal programs but still operating under federal rules and regulations. For example, the Texas Workforce Commission's (TWC) effort to provide ES funds to local agencies, to use as they saw fit, was thought by Texas policymakers to require permission from the regional office of the U.S. Department of Labor, which refused this permission. More generally, state efforts to develop flexible programs that are oriented to employer needs and reliant on employer advice have been impeded by the continuation of federal rules and regulations. As a community college administrator in Florida mentioned, "It's really hard to tell someone at Southern Bell we can't do that because our regulations won't allow it, or we must wait for approval which takes four to six weeks." However, we note that the federal efforts at consolidation have still had a positive effect on reform because they have forced states to consider what they might do if they were free of federal regulations.

## *Overall State Strategies*

The dominant state strategy can be simply described, though it has an infinite number of variants. In general, a state agency or office is created with a certain set of statewide responsibilities. Then—partly because state offices can rarely be in close touch with local labor market conditions—local or regional counterparts are established with responsibilities for implementing state policy in local labor markets. For example, in one of the earliest such efforts, Massachusetts created the Massachusetts Jobs Council in the late 1980s to review all work-related education and training programs, replacing the State Job Training Coordinating Council (SJTCC). Then Private Industry Councils (PICs) were transformed into Regional Employment Boards (REBs) in each of the 16 Service Delivery Areas (SDAs), with a wider range of responsibilities than PICs had. Similarly, Michigan created a HRIC called the Governor's Workforce Commission, an advisory body with administrative responsibilities carried out by the Michigan Jobs Commission; then local Workforce Development Boards (WDBs) were created to plan the allocation of funding for workforce development. Oregon has the state Workforce Quality Council (WQC), with 15 regional councils. Texas initiated the TWC, replacing the Texas Employment Commission and incorporating other programs such as JTPA, JOBS, and child care, along with local WDBs. In North Carolina, the governor created the Commission on Workforce Preparedness by executive order, abolishing the state councils for vocational education, JTPA, and basic skills and literacy. Most of these local and state bodies were created by legislation, replacing earlier SJTCCs with HRICs and expanding their mandates. A few—for example, advisory councils like Michigan's Governor's Workforce Commission, and North Carolina's Commission on Workforce Preparedness—were instituted with executive authority.

One other exception to the pattern of legislatively developed state councils is the Oklahoma approach, which is a voluntary effort so far. In January 1996, a group of state agency heads began meeting to start addressing the obvious need to coordinate the state's programs, regardless of what the federal government did. Based on "on-the-street research" about other state efforts, the participants decided not to seek formal consolidation because this just creates "another layer of government, bureaucracy, and cost—plus people don't like to be taken over, and that's a takeover, and in most cases we found it was a hostile takeover." Instead, the group formed the voluntary Workforce Quality Compact, which met informally on Saturdays and developed a "Memorandum of Agreement Regarding the Creation of Oklahoma's Workforce Development System" in June 1996. The state group hopes to develop at least 21 local Compacts to bring together various education and training providers, but—since there is no legislation

with enforcement power—these local Compacts must be voluntary, at least for the moment.

While the overall pattern of a state agency with local counterparts is widespread, they vary substantially from state to state in their responsibilities, their influence, and the programs they incorporate. (Table 1 summarizes many of these differences among states.) One important distinction is between state agencies that are *advisory* with responsibilities for planning and oversight, and those that are *administrative*, with the authority to allocate funds. In some states, both an advisory council and an administrative agency coexist. For example, Texas has the advisory Texas Council on Workforce and Economic Competitiveness (TCWEC) alongside the administrative TWC; and in Michigan, the Governor's Workforce Commission is advisory and the Michigan Jobs Commission (MJC) has administrative responsibilities. In North Carolina, the Interagency Coordinating Council, comprised of representatives from state agencies, provides advice to the Governor's Commission on Workforce Preparedness, which is comprised mostly of businessmen (sic).

In general, advisory councils are less powerful and influential than administrative agencies. Several states with purely advisory state councils were not included in this study when it became clearer that the councils were powerless; and Oklahoma's voluntary efforts have found it difficult to make changes at the local level. But some advisory councils have considerable power nevertheless; for example, while Michigan's Governor's Workforce Commission is strictly advisory, its creation by the governor and its roles in reviewing state policy and in approving local workforce development plans have made it highly influential. In contrast, administrative agencies often have their hands tied, and therefore have less authority to reform programs than one might expect.

State-level agencies vary substantially in the programs they include, and in their real authority over these programs. For example, the TWC was originally conceived as an agency that operated an integrated job training and employment-related education *system*; but, in practice, the TWC includes JTPA programs; the ES, which DOL claims cannot be integrated with other programs; the JOBS program, which because of the state's emphasis on "work first" provides minimal education and training; the UI system, which provides income support for the unemployed but has little connection with education and training; the Child Care Management System, which consolidates child care services from various other programs but again has little to do with training; and several smaller programs like the Food Stamp Employment and Training Program (FSETP) and the Senior Texans Employment program. TWC has placed different programs in separate administrative divisions so that the decisions across programs that might enhance coordination are difficult to make. Furthermore, the large education programs—adult education, the community colleges, and

vocational rehabilitation—are under TCWEC's purview for planning and evaluation, but they continue to be administered independently of TWC. In effect, then, TWC has gained the authority to coordinate JTPA with a number of small and peripheral programs, but, in general, the large programs it consolidates are either too dissimilar to coordinate to any great extent, are protected by continuing federal regulations, or have been insulated by administrative structures.

Similarly, in Maryland, the Governor's Workforce Investment Board (GWIB) has limited administrative authority, and administrative power rests with separate state agencies. Unlike other states (including Michigan), the current governor has been unwilling to put his authority behind the GWIB, which, therefore, has neither statutory nor political influence. In addition, all but one of the community colleges are locally directed, with relatively weak state oversight (as is true in most states), again making it difficult to coordinate across state agencies.

In the dominant pattern, local or regional councils are responsible for carrying out policy at the local level and, therefore, are responsible for creating the "system" that potential clients (or students) and employers encounter. At this level, a number of metaphors govern what localities and states are trying to accomplish, which, like all metaphors, provide a simple though incomplete vision of what a state is trying to accomplish. One is the image of the "seamless system." In Iowa, this means that the provision of a variety of services to particular individuals is invisible to them, even though the provider agencies themselves may have to go through substantial contortions to combine services from different programs with different eligibility and regulations. The idea is the same in North Carolina's one-stop centers:

We don't talk to clients about programs, but it is up to our staff to find the pots of money that might pay for child care, transportation, which part the client should invest in. We keep up with changes in regulations.

Other popular metaphors have relied on the imagery of doors. In Michigan, the notion of "no wrong door" implies that, no matter what state agency individuals first approach, they will be directed to the appropriate provider; Michigan has called its one-stops No Wrong Door Centers and, similar to Oklahoma, has specified three models for achieving this: (1) one-stop integration, in which agencies are physically located in the same building as well as being linked electronically; (2) multiple points of entry, in which agencies are linked electronically, even though they are separated geographically, and may serve as feeders to other programs; and (3) the hub and cluster plan, in which there is a main center of co-located programs as well as programs located elsewhere that refer clients to the "hub." During

the 1980s, Massachusetts developed a similar image of "one system, many doors," assuming that individuals finding their way to any program could get the right information about appropriate services (Grubb, Brown, Kaufman, & Lederer, 1990b, p. 24).

Florida has developed a "zipper" metaphor to describe its coordination effort which links agencies together at both the local and state levels:

Consolidation is trickier . . . We decided not to strip the money out of the agencies and we decided to encourage the agencies to collaborate at the state level. At that point, you say that an employee over at Labor, for example, is going to have a stake in the success or failure of an employee over at the Education Department, and they will both share what is the interest of two or three agencies at the local level working together. This is called the "zipper" strategy.

It translates the same way locally. What you've got at the local level are . . . the boards and commissions that are responsible for strategy and policy. So, we've had to link them together with the "zipper." Mainly what we try to do is to have some kind of linkage at each level that tends to move people in the direction of succeeding if they collaborate well, and without a frontal assault on any one institution try to press them toward adopting the best outcome strategy.

A third pattern has focused on creating a single point of entry to a state's system. In most states, one-stop centers provide the single point of access. In Massachusetts, the local REB is the central agency that charters the regional one-stop center, which is supposed to be the central point to which all individuals and employers come for referral to any services they need. The creation of a single point of contact is a response to the criticism that the proliferation of programs has made the system so confusing to its potential clients that they cannot find their way to the programs they need. Something similar may be achieved when programs systematically refer individuals to one another. In North Carolina, for example, one local official noted,

Our staff pick up the phone and call other agencies and say, "We think we have a good referral," and we set up an appointment right then. Some agencies have said, "If you get a person in your chair that is a good referral, call us and we will come right out." These are not written in contract agreements, but that is part of our customer perspective.

The ability of local councils or boards to achieve "seamlessness," or to act as a "door" to all other programs, depends on the responsibility and authority given to these local entities. When certain programs are outside the scope of local responsibility—as is usually the case with the major education programs, as we will see—then local workforce development councils do not formally have the ability either to refer individuals to education, to create vertically integrated programs (e.g., from short-term job-training to longer-term education), or to craft a multiple-services strategy that relies on the extensive resources of programs outside their scope of authority.

Michigan has taken a new approach in designating three tiers of programs for which the local WDBs are responsible. Tier One programs are under direct control of local WDBs, and, in addition, must be accessible through the No Wrong Door Centers. Local WDBs have only planning authority over Tier Two programs, and only some of these programs must be included in No Wrong Door Centers. Finally, local councils or boards are expected to use their local knowledge and contacts in the community to influence

Tier Three programs, which include those that are less directly related to workforce development (like K-12 education and public transportation). The designation of three tiers, therefore, defines a continuum of local control, with local boards having the most authority over Tier One programs and the least over Tier Three.

In practice, many states are relying heavily on one-stop centers as the linchpin of local coordination.<sup>8</sup> Very often, local workforce development councils have been given responsibility for one-stop centers as a way to begin the process of local coordination, thereby melding a federal initiative with a state process. These centers, initiated in 1994 by the DOL, represent

#### **Box I.1 Michigan's Three Tiers of Local Coordination**

- *Tier One:* These programs are under the control of local Workforce Development Boards, including JTPA, "work first," School-to-Work, No Wrong Door grants for one-stop centers, and the Employment Service.
- *Tier Two:* Local WDBs only have planning authority over vocational rehabilitation, vocational education, adult education, Veterans' Employment Services, and the Senior Community Services Employment Program.
- *Tier Three:* Local WDBs are supposed to use their influence to coordinate these programs, including K-12 education; public transportation; substance abuse programs; and other local or state programs that affect the education, training, and employment of the workforce.

<sup>8</sup>See also the evaluation of one-stop centers by Kogan, Dickinson, Fedrau, Midling, and Wolff (1997), who came to similar conclusions about the central roles of one-stops.

the federal government's most substantial effort to coordinate disparate federal programs. In a system where resources are usually committed to direct services and cannot be reallocated to a coordination role, federal funding for one-stop centers represents some of the only funding for system-building activities. However, it is crucial to identify precisely what these centers do because the rhetoric around them is much more expansive than the reality of what they accomplish. In general, we found that one-stop centers at the local level do one of three things<sup>9</sup>:

1. *Information:* By far the most pervasive role of one-stops is simply to provide information about the services available in a local area. Often these are described as "self-service," which means that individuals can gain access to descriptions of local programs and to labor market information—frequently in computer-based archives—that they use on their own, without much guidance from a counselor or caseworker. Much less often, one-stop centers provide workshops about how to use such information, or provide direct help in locating information—particularly to specific client groups like welfare recipients. The provision of information in one place, particularly where information has been hard to find, is a step in the right direction, and is crucial in states that are beginning to use market-like mechanisms that presume a well-informed "consumer" of education and training. But whether the least sophisticated individuals searching for education and training programs can find their way to one-stop centers, and whether they can take advantage of information resources (particularly unfamiliar computer-based resources) without help, are difficult questions that have rarely been asked, much less answered.
2. *Co-Location:* A smaller number of one-stop centers co-locate offices of education and training providers in one space. This provides information about the services available, but it represents a step forward because an individual can get personal information and advice (rather than merely text- or computer-based information), can ask questions and explore alternatives, and can fill out applications on the spot. Co-location still places the burden on the "consumer" to find the one-stop center and decide among the services available, but it provides much richer information resources. For example, Iowa's network of workforce development centers was established to provide a range of services in a customer-oriented, business-like atmosphere. These centers, about half of which are administered by community colleges, provide customers

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<sup>9</sup> Again, our findings are relatively consistent with those of Kogan et al. (1997). While they did not state how common various kinds of services in one-stops are, their discussion emphasizes different kinds of information provision, from which we infer that this has been the most common approach by far.

with various services (including basic skills) through agencies such as Promise Jobs, JTPA, ES, Veterans Employment Services, Senior Services, UI, and Vocational Rehabilitation. Often adjunct services, such as Goodwill, Green Thumb, and other CBOs, occupy space within the center, providing customers with a true one-stop opportunity for services.

3. *Service Coordination:* A still smaller number of one-stop centers have started to coordinate the services in their area. For example, the Newmark Center in Oregon coordinates services provided by Adult Basic Education, Adult and Family Services (the TANF program), and sixteen other public and private agencies within a single building. All these programs participated in developing the mission of the center, which focuses on accessibility, convenience for clients, and providing multiple services in addition to training (like child care and family abuse prevention). Individuals seeking assistance fill out a common in-take form and attend orientation sessions that provide an overall view of all services provided and then direct individuals into particular classes or programs. The philosophy of the center emphasizes "really looking at the whole aspect of moving people into first jobs and then self-sufficiency."

However, the number of one-stop centers that play a role in coordinating services is still small. In most cases, the local councils are still feeling their way, learning about local participants and programs, and they lack both the moral authority and the administrative power to require coordination. In some cases, state bureaucracies seem to have impeded the development of one-stop centers. In Maryland, for example, some local job training officials were disappointed in the state's one-stop system, and viewed the state bureaucracy as an impediment to greater integration of local efforts. They also viewed the state's welfare initiative as "not helping the system work better together."

As we will see more clearly in Section III, the development of locally coordinated systems is something that, as local administrators all acknowledge, requires a long period of time. Stability in program rules and regulations; good personal relationships among administrators; programmatic flexibility; and, ideally, support from the state level are all necessary (Gula & King, 1990). It is, therefore, unrealistic to think that one-stop centers, which are relatively recent and provide limited funding without any direct leverage over other programs, can instantly improve local coordination. As a mechanism to enhance information about existing programs, and as a process for getting local programs to begin working together, they are universally regarded as steps forward. But if they are confined to a role in information provision, then they will never be the mechanisms of coordination that most states envision.

## *The Instruments of State Policy: The Variety of Approaches*

In reforming their unwieldy systems of workforce development, states have used a variety of mechanisms. In this section, we contrast several different approaches to state action: institutional approaches that try to strengthen the quality of public institutions, as distinct from market-oriented approaches that use competition and other market-like mechanisms to induce change; and mechanisms that use various inducements, including funding and technical assistance, contrasted with those that try to impose change via mandates, sanctions, and other punitive measures.

### **Institutional Versus Market-Like Mechanisms**

A decade ago, most efforts to improve state systems emphasized institutional mechanisms of change—efforts to improve the quality of public programs and the connections among them, through public policy that required government programs to reform in particular ways. Since then, a greater interest has developed in the policies that mimic markets instead, through price-like incentives for programs to change through competition, and through voucher-like mechanisms that make consumers rather than governments the real decisionmakers. The rise of market-like mechanisms has been due, we surmise, to dissatisfaction with the slow pace of reform via institutional mechanisms, and to the ascent of free-market ideologies over faith in government.

Among the institution-building mechanisms that states commonly use are the following:

- *Advisory committees* are designed to provide information to programs, particularly about what employers want most. Following the example of PICs, a clear trend is to require the majority of advisory committees' members to be from the private sector. For example, Florida's regional WDBs require 51% participation by local business leaders at the Chief Executive Officer (CEO) level. These regional WDBs also have the option of including the local WAGES (Work and Gain Economic Self-Sufficiency) Board, and often use the same membership to address the needs of welfare recipients as well as the local workforce. In other cases, business groups have a substantial influence. In Maryland, for example, the Business Roundtable has been particularly active in informing the state's school-to-work (STW) efforts.
- *Consolidation* may improve the quality of public institutions by allowing particular state agencies to make decisions involving more than one program, so that judgments can be made about relative strengths and weaknesses, and about appropriate patterns of cooperation or integration. Of course, as we pointed out above, the effectiveness of

consolidation depends on which programs are included and excluded, on whether some programs included cannot be changed for political or regulatory reasons, and on whether a consolidated state agency, in fact, makes joint decisions—rather than programs in different divisions being administered separately as in the TWC.

Oregon has taken the idea of consolidation one step further by making all state decisions with crossfunctional teams. These teams have representation from all the major state agencies concerned with workforce development, on the assumption that "by combining together we have better results than we do alone." Teams focus on particular issues to do "the detailed policy work that's necessary, rather than throwing people together and hoping it works out." Each state agency has members on such cross-functional teams; for example, the Human Resources team in the Office of Community College Services represents community colleges in all initiatives, and thereby develops expertise on statewide issues. These teams have developed the state's plans for innovations like the WQC, one-stop centers, STW, and welfare reform. In addition, state personnel tend to work in several agencies during their careers, again supporting crossfunctionality in their approaches to decisions.

- *Technical assistance*, or advice from state agencies to local providers, is comparatively rare.

#### **Box 1.2 Technical Assistance in North Carolina**

North Carolina has funded the Workforce Development Institute (WDI) with JTPA funds. It provides workshops delivered by a cross-section of state agency personnel on topics like "Orientation to the One-Stop Concept," "Creative Planning Solutions," and "Customer Satisfaction Focus Groups." The WDI also subcontracted with a consultant group to spend about 11 days at each one-stop center to facilitate planning and conduct staff development. Local administrators noted how critical it was to receive information at the local site, since the consultants literally walked through the one-stop centers to identify customer problems and to negotiate among partners. The WDI also developed informational materials about how community colleges could participate in "work first," in order to persuade colleges to participate with welfare recipients and employer-based training, and the state-level vice president for instruction has delivered a series of workshops at local colleges.

In addition, the Commission on Workforce Preparation sponsored a Best Practice Symposium in 1995, featuring teams from four cities outside of North Carolina with longer histories of one-stops centers. The conference has since been continued as a way of sharing information between the local and state colleges, and among colleges about innovative workforce practices. The Commission also developed a Speaker's Tool Kit for anyone addressing groups about the state's welfare initiative, Job Ready.

Technical assistance presumes that state agencies have developed some expertise about quality to share with local agencies, and—as we will see in greater detail in Section VII—state officials often have little idea about the key components of a “good” education or training program, aside from those expectations embedded in state performance measures. However, North Carolina has increased its technical assistance, particularly in the form of staff development provided through the Workforce Development Institute (WDI), as described in Box I.2. Oregon has also developed staff training for program managers on various statewide priorities; this provides not only information about emerging issues but also a “signal that everyone needs to change in order to be successful.” Maryland has provided professional development through its Department of Education, and convened local leadership to provide opportunities for shaping strategies, under the assumption that it is a local responsibility to define models of high-quality services. In addition, the Department of Human Resources (DHR), which oversees welfare reform, describes itself as a “technical assistance/consulting unit and partner” rather than a monitoring agency, and has provided some support services, initiated pilot projects around collaboration, and facilitated local partnerships.

State agencies are in good positions—certainly better than local programs—to collect information about effective practices around the state (and from other states), to evaluate claims of effectiveness, and to disseminate information about these practices. However, technical assistance requires a different kind of expertise than the “traditional” state activities of approving, monitoring, and coordinating local plans, and many state agencies have found it difficult to make the shift. While a few states are trying to be more service-oriented rather than regulatory, this approach to improving quality has been tried in only a few states.

As states move toward greater accountability, technical assistance becomes, somewhat paradoxically, more important. If programs are held accountable to state standards, but lack the capacity to change, then accountability can only identify poorly performing programs without improving them—a politics of humiliation rather than improvement. But if local programs can develop the capacity to change through technical assistance, then accountability can stimulate improvement in the workforce development system. In effect, there are two tenets of the new approach: there shouldn’t be public funding without accountability; and, in turn, there shouldn’t be accountability without technical assistance. Or, to put it simply: *no funding without accountability; no accountability without technical assistance.*

- *Cultural change* lies at the heart of Oregon and Oklahoma’s efforts. In Oregon, the state is trying to move away from a traditional model—funding for relatively specific services with regulation and compliance review to make sure that funds are appropriately spent. In its place, the Oregon Option has articulated a “redesigned system” with four principles: (1) focusing on results rather than inputs; (2) promoting integration of services across agencies; (3) investing in prevention; and (4) delegating responsibilities for service to front-line, local providers. The approach may be described as one of policy leadership, rather than mandated coordination or consolidation. As one state official noted, what the state has done is to “make the most of the state policy leadership’s interest in a quality workforce in Oregon through the influence of how we *make decisions* rather than how we *organize*.” This vision provides greater authority to local WQCs, under the assumption that they can be more effective in following these four principles rather than simply obeying regulations.

Similarly, in Oklahoma, the state Workforce Quality Compact has developed a set of principles and goals that each member agrees to, though there are no sanctions except peer pressure. The principles represent an effort to get all state agencies—and, over the long run, local programs—to operate in different ways. These are cultural changes because they attempt to influence the basic approach of local and state agencies without coercion; they do not rely on the usual model of funding and regulation, and there are no sanctions if local governments do not comply.

Increasingly, however, market-like mechanisms have become popular—mechanisms that try to mimic the incentives in markets, where profit incentives, competition and customer choice, and the fear of going out of business increase the effectiveness and efficiency of providing various goods and services. Among the most widely used market-like incentives are the following:

- *Performance measures and standards* create measures of performance—often, in workforce development programs, placement rates, earnings levels, or rates of leaving welfare—and then establish appropriate standards that local programs should meet. First introduced for JTPA in 1983, measures and standards simultaneously provide information to policymakers about performance, to administrators for use in program improvement, and to consumers about effectiveness. They shift the emphasis from inputs to outcomes—at least in theory. Florida has developed one of the most extensive system of performance measures, described briefly in Box I.3—as befits its continuing interest in creating

### **Box I.3 Florida's Performance Measures**

Florida has developed several different systems of performance measures:

- Performance-Based Budgeting for community colleges and technical centers allocates a percentage of funding on the basis of the previous years' performance, as measured by a series of benchmarks, including enrollment, completion, and rates of job placement. Other possibilities may include length of time on the job, earnings increases, or promotion.
- In 1998, legislation passed creating the Workforce Development Capitalization Incentive Program, which provides school districts and community colleges with the opportunity to compete for grants to fund costs associated with the expansion of workforce development programs that serve specific employment workforce needs.
- The Florida Education and Training Placement Information Program (FETPIP) links records of students and program participants to various state and federal data (especially UI data) to provide information about the employment and earnings of all participants.
- The Occupational Forecast System identifies industries and occupations with high rates of growth, relatively high rates of pay (over \$7 per hour), and hiring requirements of less than a baccalaureate degree. Various state programs such as Quick Response Training are limited to these high-demand, high-pay occupations.
- The state Jobs and Education Partnership is creating measures to be used for all programs, including employment in high-demand, high-wage occupations from the Occupational Forecast System; continued employment after 1, 6, 12, and 24 months; reduction in welfare rates; employer satisfaction; and composite measures demonstrating return on investment. More specific measures are also being devised for STW, welfare-to-work, one-stops, and the High-Skills/High-Wages (HS/HW) initiative.

market-like incentives for high performance—and has now moved to performance-based funding. North Carolina has urged the formation of a state skill standards board through its Workforce Preparedness Commission.

However, performance measures can be valuable even if they are not used as the basis of funding. Texas has developed a system to evaluate and manage its workforce system, enacted in 1997, that applies to all education and training in the state, not just JTPA or TWC-administered programs. Based on a project carried out in six states by the National Governors' Association (Trott & Baj, 1996), and work by the LBJ School's Center for the Study of Human Resources (King & McPherson, 1997), two key performance measures have been adopted for every program in the system: (1) employment rates and (2) post-program earnings measured by UI wage record data.<sup>10</sup> For the moment, these measures are being used only to monitor strengths and weaknesses in the state

<sup>10</sup> Similarly, the state of Washington has developed several excellent reports on the employment benefits of its programs using UI data; see especially Workforce Training and Education Coordinating Board (1996).

system, not to fund or eliminate programs. Yet another example is Oregon, which developed a set of performance measures in 1989 for statewide priorities such as education, economic development, and environmental protection. Called benchmarks, the measures provide a common language to determine progress. Despite this system of measures, state agencies in Oregon do not allocate funding based on local performance as Florida does.

- *Performance-based budgeting* is the next logical step once performance measures have been created. In a sense, JTPA incorporates performance-based funding because programs that fail to meet their performance standards two years in a row face reorganization of the PIC. In practice, however, states rarely impose these sanctions, and they affect organization rather than funding.

In the ten states we examined, Florida has gone the furthest to implement performance-based budgeting for its community colleges. In 1996, colleges "contributed" \$12 million (out of a \$40 million discretionary fund), and colleges could then earn these funds back on the basis of students completing associate degrees and vocational certificates, with double incentives for economically disadvantaged students, dislocated workers, and welfare mothers. Initially, participation by community colleges and technical centers was voluntary; however, Florida is planning to phase in Performance-Based Budgeting over the next few years, which will make participation mandatory and will increase the amounts subject to performance-based funding to 15% of all funding—though the measurement of performance is still under discussion. In addition, for its welfare "reforms," Maryland has introduced pay-for-performance contracts to private providers at both the local and state levels.

In other states, performance-based funding is still under discussion. In 1995, the Governor's Commission on Workforce Preparedness in North Carolina recommended shifting from enrollment-based to outcome-based funding. The state community college system is conducting a self-study for recommendations about how current funding formulas based on enrollment might be modified by performance-based mechanisms.

- *Competition among providers* is a way of breaking up the monopoly of public providers and the supply-driven pattern of education and training programs. Florida has taken this the furthest, with provisions in 1996 legislation that tried to create a level playing field, encouraging competition among programs. If a local provider is not meeting the needs of business, another program (public or private) may offer a similar

program and—potentially, at least—drive lower-quality programs out of business. As one community college administrator noted, "Under this bill, there isn't a hiding place for programs of low quality." Similarly, Iowa would like to introduce competition among service providers, with the state government shifting from being a provider of services to being a broker of services provided by a variety of public and private agencies. However, early efforts to introduce competition raised the ire of state employees unions, and progress has been slow.

- *Competition through subcontracting* is a mechanism for providing services under more competitive conditions, where public and private providers compete for public funds to provide specific services. Subcontracting has a relatively long history in local and state government, where highway construction, garbage collection, janitorial services, bill collection, and other similar services have been contracted to private firms. In the education and training sphere, a few school districts have made headlines by subcontracting some schools to private firms like the Edison Project, or services to other businesses like Score! and Sylvan Learning Centers. In workforce development programs, local JTPA programs commonly use subcontracting mechanisms, presumably choosing among different bidders for specific services on the basis of price and quality. Currently, subcontracting is being extended to welfare-to-work programs, where certain states (like Maryland and Florida) and localities (like Milwaukee) have subcontracted with private providers for specific services. In addition, as part of its promotion of competition, Florida and Texas are requiring their regional boards to subcontract for services as a way of increasing competition. Many local boards have been designing a "simulated block grant" approach, consolidating separate funding streams (including STW grants, welfare-to-work funds, and HS/HW Incentive Funds) and contracting out the provision of direct services. For example, in Palm Beach and Dade Counties in Florida, Lockheed Martin has contracted to provide case management services for WAGES recipients. Michigan requires its local Michigan Works! boards to subcontract for services, under the belief that this will yield a more efficient delivery system. The core of Massachusetts' coordination policy relies on a subcontracting mechanism: it funds new career centers by redirecting funds away from agencies that have traditionally received them to new centers competitively selected to meet customer needs.<sup>11</sup> The state's experience so far is that, while the one-stop centers established through competition are of high quality, the intra-state conflict created by the process may have undermined their long-run base of support.

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<sup>11</sup> Traditional agencies and programs can still win these contracts, but they must compete for such funding.

Similarly, Texas requires its local WDBs to subcontract the management of its One-Stop Career Centers, and in Dallas County that provider is Lockheed Martin, a private, for-profit firm. The common statement that governments are turning into *brokers* of services, rather than direct providers, is usually a reference to the increasing use of subcontracting.

- *Voucher mechanisms* are ways of providing individual consumers with the purchasing power necessary to make choices. These vouchers, of course, have little effect if choices do not exist, and, therefore, their effectiveness depends on the existence of competition among public and private providers. The largest voucher mechanisms in the national education and training system include federal grants and loans to postsecondary education, including Pell Grants to low-income students, the new Hope Tax Credits, and the Lifelong Learning Credit, all of which can be spent in community colleges and proprietary schools (but not for adult education or short-term job training). The WIA of 1998 also places greater emphasis on Individual Training Accounts, which may turn out to be like vouchers. Voucher-like mechanisms have been contemplated at the state level as well, including a pilot voucher project under JTPA in Baltimore that provides "customized management accounts" to eligible clients, allowing them to select among training providers with a lifetime cap of \$7,000 per individual.
- *Consumer information* is a widely accepted requirement of market-like systems, since uninformed consumers cannot possibly make rational choices. One-stop centers are the most obvious mechanisms for increasing consumer choice. In addition, several states are planning to make information available from their performance measures. However, it is important to note that one-stop centers and other public sources of information usually refer individuals only to certified public providers, rather than to a broader array of providers as a true voucher system would (Barnow & King, 1996). It is possible, however, that this will change under the WIA.
- *Other market-like policies* outside the realm of education and training programs include tax incentives for business and regulatory relief, both of which figured prominently in Governor Engler's reforms in Michigan. The tax mechanisms included the creation of tax-free Renaissance Zones in economically depressed areas, with businesses being promised ten to fifteen years exemption from local and state taxes. However, the effect of such policies on education and training programs is indirect and difficult to trace, and, in any event, is contingent on whether such policies have any effect at all, which is often quite doubtful. Particularly in market-oriented states, workforce and economic development can be

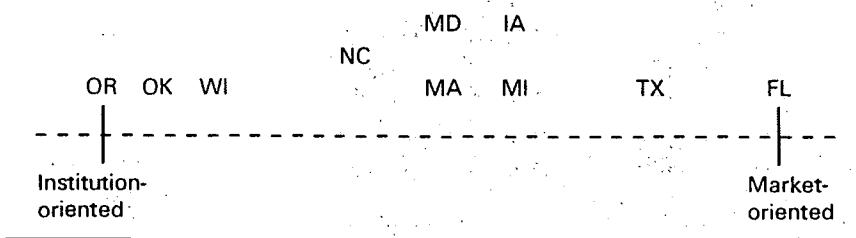
promoted through tax and regulatory mechanisms rather than—or in addition to—interventions into education and training programs.

There is, of course, a long history of debate about the efficacy of each of these mechanisms of state policy. Many of the debates restate the conventional claims for and against market mechanisms, without providing much empirical evidence about how they operate in practice, particularly in the education and training field. In the case of subcontracting, there is evidence that the presumed efficiencies of subcontracting are often illusory, since the costs of contract monitoring often outweigh any savings. In the areas of education and training, the evidence from England—which has tried a broad variety of market-like mechanisms under the Thatcher and Major governments—indicates that such devices do not increase the exercise of choice except among the most sophisticated and well-informed consumers, and that they tend to exacerbate inequalities just as their opponents in this country claim (Finkelstein & Grubb, 1998). We note, therefore, that many arguments in favor of market-like mechanisms are really untested claims—though state practices are now providing opportunities to evaluate these claims.

Of course, some states combine both mechanisms of institutional improvement and market-like practices. One-stop centers are examples of mixed policies since they provide information to consumers, both directly and through co-location, but they may also facilitate coordination—a form of institutional improvement—through co-location and through more direct activities with providers. Performance measures can be ways of improving consumer information and choice, though when they are used exclusively by state administrators to scrutinize local programs they are primarily mechanisms of accountability rather than consumer information.

In general, states have been moving toward greater use of market-like mechanisms, though only a few states have adopted the most powerful forms: competition and performance-based funding. The ten states we examined can be roughly placed along the continuum depicted in Figure 1. At one extreme, Oregon has depended almost entirely on institution-building practices, including some consolidation; coordinated services for

**Figure 1. A Continuum of State Practices**



welfare clients provided by JTPA and community colleges; crossfunctional teams to develop new state initiatives, described above; the development of indicators of quality (e.g., customer satisfaction, retention, and skill gains), not for punitive or funding purposes but to signal the need for improving quality; the development of statewide benchmarks, used not for mandates and sanctions but to "create an environment that supports performance and measurement," a "shared set of expectations" (*Oregon's Benchmarks: Setting Measurable Standards for Progress*, 1991, pp. 1-2); and the development of long-range plans (like the 20-year strategic plan in *Oregon Shines* [1989] and *Oregon Shines II* [1991]), recognizing that workforce development and coordination are complex issues requiring long periods of time and stable leadership. In general, Oregon tends to distrust competition and other market-like mechanisms as methods of driving reform. Several pilot projects using market mechanisms—focusing on vouchers and competitive purchase of services using JTPA funds—have been tried, but the dominant sentiment is that "throwing it open to competition gets us just another version of chaos."

At the other extreme, Florida has consistently followed the approach of enhancing market-like mechanisms. It has introduced competition into the system by developing three tiers of performance measures, which are at different stages of development and still require refinement:

1. *Customer outcomes* as measured by employment in an occupation, demonstrating growth, continued employment, reduction in and elimination of public assistance, employer satisfaction with level of preparation, and return-on-investment.
2. *Program outcomes* with specific outputs in each of the four workforce strands: STW, welfare-to-work, one-stop centers, and the HS/HW initiative. Each component will calculate such output measures as the number of dropouts, leavers with marketable skills, program completers, and job listings filled.
3. *Program measures* that measure services to enrollees, service recipients, and individuals moving among service components.

In addition, Florida has forced all public and private providers of VET to compete with one another; it has had performance-based funding in vocational education since the late 1980s,<sup>12</sup> now extended to community colleges as described above and being phased into other VET programs; the state's Jobs and Education Partnership is developing still other

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<sup>12</sup> Florida has required all vocational programs, both in community colleges and technical centers, to have 70% rates of placement in related occupations or face having that program eliminated. There have been various debates over the years about the data necessary to enforce this provision.

performance indicators, to be used to develop future strategic plans; and FETPIP, which links records from various institutional sources, and provides information on outcomes. The state has been quite consistent, over more than a decade, in developing these market-oriented initiatives and—while it still has a range of more institutional mechanisms, including a local-state structure to administer programs like STW and one-stop centers—it uses a wider variety of market-oriented mechanisms than any other state.

In between, as Figure 1 indicates, states use a wide combination of institutional and market-oriented mechanisms. For example, North Carolina has placed great emphasis on its technical assistance, but it has also stressed information through one-stops as a way of enhancing coordination among programs. In general, many of these states are moving toward limited coordination of programs (particularly those considered *training* rather than *education*) and reconstituted advisory committees on the institutional side. At the same time, many have adopted outcome measures and information provisions (particularly through one-stop centers) on the market-oriented side. Whether through planning or happenstance, most states have avoided the extremes of one approach or another, preferring a mixture of policies to improve their workforce development systems.

We stress, then, that states have developed a variety of approaches to reform and coordination. Aside from the nearly ubiquitous use of a state-level agency with local or regional counterparts, there is hardly a single practice that has been adopted by all these states, and it is certainly incorrect to think that simple consolidation—the combination of programs with some incorporated into others—is a dominant strategy. Furthermore, the exceptions—the innovations that particular states have undertaken, like North Carolina with its technical assistance, Florida with its market orientation, and Oregon with its array of institutional mechanisms—are in many ways more interesting than the common practices. There is certainly no notion among the states that one size fits all—even in a relatively limited number of states.

### ***Economic Development Efforts: Recognizing the Demand Side***

In addition to reforming their workforce development systems, many states have initiated policies to stimulate the demand side of the labor market. The underlying logic is that developing a more educated labor force, without increasing the demand for well-trained workers, is likely to be ineffective. Among the most important demand-side strategies are the following:

- Most states have programs to provide short-term customized training to specific employers, partly as a way of luring employers from out of

state or keeping existing industry from leaving. Many of these take the form of state grants for firm-specific training, often operated through community colleges. In Maryland, the Department of Business and Economic Development (DBED) is collaborating with the DHR to assist businesses locating in Maryland, doing "whatever is needed to get businesses to locate here," and has also initiated collaboration with local SDAs and Job Service offices to assist with corporate expansion and recruiting. Iowa has taken a novel approach in allowing its community colleges to float bonds for firm-specific training; the bonds are then paid off by earmarking the income taxes paid by the corporations participating. This is essentially a way of allowing local colleges and employers, rather than the state legislature, to determine the spending for such activities, and Iowa's efforts are thus better funded than in most states.

- North Carolina has been particularly active in promoting economic development as the goal of all state policies, and has created community colleges that are specifically active in occupational education, in workforce training for employers, and in providing training for JTPA and welfare clients. Numerous community colleges have become active in such workforce development activities, including small business development centers funded by state resources in Oregon and North Carolina, providing information and (if necessary) training to small businesses about new technologies, business procedures, quality requirements, health and safety issues, and other issues relating to profitability that might otherwise escape their attention.<sup>13</sup>
- As part of its efforts to diversify the state's economy, Oregon's Economic Development Department has designated Key Industries, and each local Regional Strategies Board has selected three of these to emphasize in its six-year economic development plan. Some Key Industries have formed industry associations that, in turn, have become important in communicating sectoral needs to providers of education and training. For example, the Semiconductor Workforce Consortium of Oregon and Southwest Washington has defined a standardized set of job skills and developed industry-specific courses at the high school and community college levels. Several other associations are developing their own statements of skill requirements, and the state has begun to develop a database that would give VET providers access to information about job openings described by standardized skill and training requirements.

There are, then, some steps being taken by states to stimulate demand for well-trained workers as well as to supply more education and training.

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<sup>13</sup> On the roles of community colleges in workforce and economic development, see Grubb, Badway, Bell, Bragg, and Russman (1997) and Dougherty (1998).

Like state efforts to reform workforce development systems, these demand-side strategies hardly existed a decade ago. However, the effectiveness of these policies remains unclear. Many of these are still efforts to engage in "smokestack chasing," or efforts to lure mobile industry from other states—a tactic that is not very effective. In many cases, states do not discriminate between cases that might justify public funding for training and cases where employers should provide their own training because there are unlikely to be public benefits; often, a great deal of state money is being spent to little effect.<sup>14</sup> Certain other policies seem more promising, like the Oregon efforts to organize industry associations, but these are still not widespread. Finally, some community colleges' efforts in economic development (including small business centers to improve the efficiency and longevity of local businesses) provide help to employers while they supply any necessary training to new employees (Grubb, Badway, Bell, Bragg, & Russman, 1997). For example, the Maricopa Community College District brought together employers in several sectors, and now promotes its Semetech Network of semiconductor producers and suppliers:

We tend to be the state's neutral meeting ground for a number of employers. Instead of competing with one another, they're working together with us in a safe zone to pool resources in order to develop the technical capacity in our community to serve them with employees. Instead of stealing employees from one another, they work with us to develop technical capacity within their firm to train their employees. We focused on areas of mutual concern, mainly marketing the industry as a viable career. We needed students in the front door, and the firms needed students out our back door, so we cooperated.

In such approaches, the conditions for economic expansion are effectively coordinated with the provision of an educated workforce.

In addition, economic development efforts in most states are not well-coordinated with education and training. Usually they take place in different departments. In Maryland, for example, Governor Glendenning's administration has deliberately separated economic development from

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<sup>14</sup> For an analysis of the conditions under which states should and should not subsidize firm-based training, see National Center for Research in Vocational Education and the Center for Labor Research and Education (1994), a study prepared for the Employment Training Panel in California. Aside from Iowa's prohibitions on subsidies to wholesale and retail trade and professional services (since they are not mobile in response to subsidies) and California's restriction of funding to firms engaging in export out of the state (or import substitution), from what we can ascertain from this study, states do not appear to distinguish worthy from unworthy subsidies.

employment and training: job training is administered by the Department of Labor, Licensing, and Regulation, while the new DBED handles all economic development. There is no consensus within the state about the rationale for this division, and many administrators are simply mystified. In Michigan, the extensive economic development efforts through Renaissance Zones and the Economic Development Job Training Program are uncoordinated with workforce development. As one researcher mentioned about the division between the Economic Development Service Division; which routinely calls on businesses but fails to develop job slots for JTPA clients, and the Workforce Development Division,

In theory, the workforce development people within the Job Commission essentially run their own programs, and they don't interact with the people who are calling on business. It's a sham. It's an agency running economic development and workforce development in parallel, without any synergy between them.

In theory, the great variety of state-funded training for employers supports economic development and, therefore, employment demand, while the training simultaneously creates the supply of trained workers necessary. In practice, however, states have given little thought to the conditions under which such programs stimulate demand and, therefore, they often provide subsidies for training (supporting the supply side) without enhancing demand.

In general, therefore, there are no mechanisms in place to match supply with demand, even in a rough way. For example, most states would like to see high-productivity, high-wage employment move in or expand, but that is inconsistent with the need for more jobs for the least skilled welfare recipients going through "work first" programs. Similarly, most states have paid more attention to coordinating their short-term job training programs, but these are again aimed at relatively low-level jobs rather than the high-productivity jobs that most states want. Most states continue to talk about the skill requirements of the 21st century, and most state reports have a section repeating the need for higher-order skills, communications skills, and problem-solving abilities, as well as better preparation in basic verbal and mathematical competencies. However, aside from STW initiatives and standards-based reform in K-12 education, there has been almost no attention in state efforts to the kinds of curriculum and teaching methods that would ensure that such competencies are taught, especially in the short-term job training programs and in "work first" programs that provide no education or training whatsoever. At several different levels, therefore, there is a real mismatch between the emphasis of state economic development efforts and the reforms in workforce development systems.

As always, there are important exceptions, usually in conditions where the same program participates in both economic development and in providing education and training. For example, small business centers in community colleges often identify technology and training needs within small firms, and also identify sources of supply. The area vocational-technical centers in Oklahoma support economic development by providing firm-specific training, and they have become one of the main strategies to attract business into particular regions of the state. The Regional Strategies Boards in Oregon identify Key Industries for local areas, and then are expected to link with regional WQCs to develop integrated plans for both workforce and economic development. In Maryland, DBED is trying to better integrate its economic development with education and training needs, trying to bring a business focus and demand orientation to the workforce development system. Texas has a process of identifying labor market information into planning models issued by local boards and community colleges; this process is intended to help them choose high-demand occupations and industries. Iowa community colleges can both identify needs for training among new and expanding industries and provide that training directly. North Carolina has tried to integrate the two by including community colleges whenever there are efforts to lure industry to the state; as a local official noted, "Economic development used to be location; now it's education." This is often accomplished by creating job training programs within community colleges, both through the short-term noncredit vocational programs called occupational extension and through special centers. As one administrator said,

We try to sell a unified vision of what economic development means in Columbus County, including an industrial park, good-paying jobs, and our Industrial Skills Training Center we built with the community college. The lack of a skilled workforce is a weakness when we try to attract new industry.

Baltimore County provides an interesting local example of the integration of demand-side and supply-side policy. In the past, the Baltimore County office had created "speculative" training programs, without having jobs in hand. Now, they initially meet with employers through economic development partnerships, and then develop customized training programs to ensure that trainees have the competencies employers need so that they will be hired. The office contracts out its training to outside providers, believing that it can thereby serve better as an "honest broker," bringing together a range of services (including training) for employers.

There are, then, a number of fledgling efforts to coordinate demand-side and supply-side policies. In the absence of such mechanisms, states

are all too likely to engage in economic development efforts that bear little relationship to reforms in workforce development systems.

On a more positive note, however, these state economic development strategies are quite new. Just as coordination among education and training programs takes considerable time, it may be unrealistic to expect that economic development efforts are at this point well-integrated with education and training reforms. As states continue to develop their "systems," however, this is one form that future coordination could take.

# Implementation at the State Level: The Challenges of Innovation

In the previous section, we outlined the strategies and visions that states have articulated. Putting these visions in place has not always been easy, however, since they require departures from past practices and new ways of working. The power of entrenched bureaucracies and established constituencies to resist change is an old story in both state and federal policy, and the education and training arena is certainly no exception—particularly because the proliferation of programs that has caused problems in the first place has created small armies of resistance to rationalized policies. In this section, we outline some of the major challenges states have faced in reforming their workforce development systems, some of which are essentially unresolved.

Of course, many implementation problems have stemmed from old-fashioned errors of one kind or another. For example, the Texas Workforce Commission (TWC) suffered from poor leadership choices in the early stages, a sluggish start-up, and unclear and inconsistent guidelines to local boards, all causing a delay in getting started. The state's plans were quite ambitious, and a report noted that "such massive reforms can take years to fully implement" (King & McPherson, 1997, p. 43)—a point we make in this section about the need for stability and longevity in state efforts. Such problems are familiar in virtually every area of government, and we have nothing special to say about them: incompetence and instability will always undermine changes, no matter how well-designed. Instead, we outline a number of implementation problems specific to workforce development that appear to be systemic, that have occurred in several states, and that will continue to occur in others if efforts to anticipate such problems are not made.

## *The Importance of Stability*

While many states have developed a local-state structure for workforce development programs, there are remarkable differences in the progress states have made in implementing their visions. The most crucial element in this development is simply the longevity and stability of state efforts. The states that have pursued improvement relatively steadily, despite changes in state political leadership, are usually well-ahead in the implementation of system-building. In contrast, those states that have changed course dramatically are well-behind. States that are essentially

new to these efforts (like Oklahoma and Texas) face significant challenges, given the difficulty of the process and the need for sustained efforts.

The best examples of states that have stuck to a basic strategy over relatively long periods of time are Oregon, North Carolina, and Florida:

- Oregon first developed a 20-year strategic plan under Governor Neil Goldschmidt in 1989, and it has been continued under Governor Barbara Roberts (1991-1995) and now under Governor John Kitzhaber. In addition, while debate about workforce development has been political—in the sense that it has involved substantial political interests and values, particularly since the late 1980s—it has not been partisan; Democratic governors have worked well with local Republican employers as well as an influential Republican Senator (Mark Hatfield), creating goals that all groups embrace; maintaining a stable and diversified economy; maintaining the quality of life, rather than becoming another California “or even Seattle”; investing in strong public institutions rather than creating “unhealthy” competition; and improving the effectiveness of what had been viewed as “a \$265 million rathole” of state and federal programs (as one state official phrased it). The process of creating federal waivers and of establishing benchmarks for progress has continued steadily over the years.
- North Carolina has displayed a consistent commitment to economic development as a goal driving all other policies. It first provided customized training for new and expanding industries in 1958, and has elaborated such firm-based training since then. Its community colleges are focused on workforce development to an extent matched in few other states. The current governor, Jim Hunt, has been in office for four terms, interrupted by one term of a Republican governor who continued Hunt’s initiatives, in particular working hard to systematize the various workforce development programs. As in Oregon, there has been bipartisan support for more effective and customer-focused education and training programs, ensuring progress even when the legislature and the governor have been of opposite parties.
- In addition to its efforts in the 1980s to create a comprehensive economic development plan, the Florida legislature created Enterprise Florida, Inc., a public/private partnership between the state’s business, government, and education sectors dedicated to expanding economic development. This partnership, together with strong support from Governor Lawton Chiles and bipartisan legislative support, paved the way for Florida’s innovation. The state has consistently followed a path of emphasizing outcomes rather than process, creating both positive and negative sanctions for high performance. More recently, it has adopted a broader variety of market-oriented policies (see Box I.3). In many programs—especially postsecondary education, including community colleges and

adult education—Florida has been more directive-oriented than most states, creating coherent state policies where other states have let local control dominate.

In contrast, several other states have had inconsistent approaches to workforce development, where promising earlier practices have been reversed by new political leadership. In several cases, particularly Wisconsin and Michigan, welfare reform and enthusiasm for “work first” policies have hijacked earlier efforts at reforming state systems:

- Wisconsin has long prided itself on being a leader in workforce development. The Wisconsin Jobs Council (now the Council on Workforce Excellence) was created in 1987, following a report critiquing the proliferation of employment and training programs. It emphasized long-term services for those having trouble finding or keeping employment, rather than “quick fixes.”<sup>15</sup> The Wisconsin Job Centers, begun in 1985, were forerunners of one-stop centers. In 1997, 101 human service and workforce development programs were consolidated into the Department of Workforce Development. However, the development of “work first” approaches to welfare (known as Wisconsin Works, or W2) and Governor Tommy Thompson’s obsession with replacing welfare with work—what one technical college administrator called “welfare demolition”—are undermining the commitment to education and training as a strategy, and drawing the attention of policymakers away from the majority of clients and students in the workforce development system.
- In Michigan, Governor James Blanchard created the Michigan Opportunity System (MOS), which restructured government agencies and provided individuals with a computer card allowing them credits for job training or retraining. However, when Governor James Engler won the 1990 election, he threw out the MOS and began instituting a different set of more market-oriented reforms. His efforts at reforming state government were spearheaded by the Michigan Jobs Commission (MJC) that consolidated more than 30 economic and workforce development agencies, with local Workforce Development Boards (WDBs) (covering the regions of the former SDAs) given responsibility for all Tier One programs. Engler also created tax-free Renaissance Zones intended to attract business from across the country and retain existing industry—contradicting his earlier claim that business incentives were

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<sup>15</sup> See, for example, the case study of Wisconsin in Grubb et al., 1989: “There was an emphasis in the state agencies and local programs on long-term services for many job training clients. More than once we heard that there are no ‘quick fixes’ that would help JTPA clients” (p. 117).

ineffective. Most recently he has been an ardent advocate of "work first" policies; the state's strong economy has allowed many recipients to find jobs, allowing him to claim credit for reducing welfare. But many of these efforts are contradictory. Several—particularly "work first" programs and Economic Development Job Training (EDJT) programs—focus on short-run needs rather than on the long-run development of skills; and state mandates around "work first" contradict state efforts to transfer decisionmaking and planning to local boards. Engler's decision to start from scratch in 1990 meant that most of the initiatives launched by Governor Blanchard were thrown out; and his policies have generated precisely the kinds of turf battles that Blanchard had sought to avoid.

- In Maryland, Governor William Donald Schaefer (1988-1994) pressed for integration and interagency collaboration, creating the Governor's Workforce Investment Board (GWIB) as a guiding force at the state level. However, the current governor, Parris Glendenning (also a Democrat) took a very different approach, placing significantly less emphasis on interagency collaboration and appointing new agency heads who needed to establish their own turf. As a result, GWIB has been weakened, and an earlier movement toward consolidation has been reversed. Glendenning also separated economic development from education and training; and the consolidation of job training for welfare recipients has caused a separation of welfare-related training from other workforce development initiatives. State agencies appear to be initiating collaboration independently, rather than through central mechanisms like GWIB, and newer federal initiatives (e.g., one-stop centers and STW) are pushing integration forward, but these are independent efforts rather than a coherent state policy of system-building. As one official mentioned, "integration is not [Glendenning's] deal"; he has "gone back to a more traditional outlook on government services," based on independent state agencies.
- In Massachusetts, Governor Michael Dukakis first established the Massachusetts Jobs Council and Regional Employment Boards (REBs) in 1988 to rationalize education and training. However, a recession—which had begun in Massachusetts by 1988, and which was longer and deeper than in most states—forced retrenchment of most government programs and brought coordination to a halt. When the Weld administration took over in 1991, it used the Massachusetts Jobs Council/REB structure but in a very different way, developing the competitive model first used in the process of creating one-stop Career Centers.<sup>16</sup> But because Massachusetts has been engaged in such efforts for only a

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<sup>16</sup> The market-like approach in Massachusetts was explicitly based on David Osborne's (1992) *Reinventing Government*, an interesting and unusual example of trying to create a set of coherent principles for workforce development.

short time, and with less consistent emphasis on reform than in the 1980s, much of the commitment to a "market-based workforce development system" is still rhetorical and has not found its way into practice; Massachusetts is nowhere near the stage of Florida, for example.

Now it is possible that, even in states that reverse their policies, there are still important legacies of earlier periods of coordination. Maryland is the most obvious case in point: although the GWIB has been substantially weakened, it did initiate a collaborative planning process that continues to influence the development of new programs, like one-stop centers and STW. Collaborative local planning efforts are widely thought to be more common than before the development of GWIB; the real difference, under the current administration, is that such collaboration is based on perceptions of local needs rather than top-down directions from the state. Furthermore, several state agencies have come to see the need for cooperation: the Department of Human Resources (DHR) and the Department of Business and Economic Development (DBED) are pooling resources to assist businesses relocating in Maryland; DBED has initiated collaboration with SDAs and the Employment Service (ES) to help with corporate expansion; some DHR and ES staff are being co-located at the local level. And there are some current efforts to revitalize and reshape the GWIB's mission.

Thus, it is possible to argue that, once a state begins to change the ideas and cultures around cooperation, these efforts will live on informally even after more formal state efforts have waned. This may be true to some extent, but the "more traditional outlook on government services" is likely to lead over time to the "traditional" independence of government agencies. As a local official noted, anticipating that local coordination efforts would decline, "Integration takes energy. Unless you apply an input of energy, [the system] is not naturally integrated. The only way it gets integrated is if there's some force field." Furthermore, cooperation will remain uneven when some agencies don't care to cooperate, lack the resources to do so, or—most commonly—are prevented from doing so from conflicting state and federal requirements.

At the local level, VET administrators in states with frequent changes often complain about the "reform du jour," as we will see in Section III.<sup>17</sup> This had led local administrators to be less willing to work hard to implement state reforms. Like reform in K-12 education, instability has a large cost in making local resistance a self-fulfilling prophecy.

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<sup>17</sup> This sentiment is reminiscent in K-12 education of similar complaints when there are too many overlapping reforms, coming thick and fast. Under these conditions, classroom teachers can simply outwait any reform they dislike, certain that it will be superseded by another.

Overall, then, stable conditions in state government have been important to progress in creating more coherent workforce development systems. In states where there have been abrupt reversals in policy, or flagging attention to reform, progress has substantially slowed. In addition, the states that have made the most sustained progress have managed to develop bipartisan support for reforms, rather than making education and training a political issue in the narrowest sense. The obvious advice is that state leaders are usually better off focusing on a common vision of what changes are needed, building on the efforts of the past rather than taking entirely new directions.

### *Resistance from Education Providers*

Many states began with a vision of including education programs—particularly postsecondary vocational education and adult education—into their reforms, since the boundary between education and training is a fluid one. Adult education provides a great deal of remedial education and ESL that are crucial for other vocational preparation, and community colleges provide both remedial and vocational skills training that can be used in other programs. However, in the states we studied, these early plans were often thwarted by the resistance of education providers in one of several ways. In Texas and Michigan, for example, adult education fought to maintain its independence. Because adult educators can mobilize legions of former and current students, they were able to prevent being included in the TWC and the MJC, respectively.<sup>18</sup> In Massachusetts, adult education is under the jurisdiction of the Department of Education; as a result, the Massachusetts Jobs Commission has no real authority over it.

Of course, there are a few counter-examples. For example, Oregon's adult education programs have been widely incorporated into state plans; Maryland has made workforce development and welfare reform priorities for adult education; and Oklahoma's voluntary efforts include all education agencies in the state. In general, however, adult education programs have kept out of workforce development initiatives.

Similarly, community colleges—the major providers of adult occupational education in virtually every state—have not been part of these reforms except in North Carolina, where community colleges have been oriented to economic development for a long time; in Florida, where both community colleges and technical centers operated by K-12 districts have been included in regional planning efforts; in Oregon, where the Office of Community College Services has been active in statewide coordination and where local colleges have provided job training under subcontract and been

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<sup>18</sup> Adult education in Michigan is a Tier Two program, so that local WDBs can still plan how their funds are used locally, even though funding comes from the state's department of education.

active in regional WQCs; and in Oklahoma's voluntary Workforce Quality Compacts. Sometimes—Texas is a good example—community colleges fought successfully to stay independent of a central state agency, just as adult education did. As a Texas state official mentioned,

I think colleges would just as soon that government gets out of their way and lets them alone to do their own thing. There has been resistance [to coordination and consolidation] because colleges wanted less oversight . . . . The community colleges in this state come from a very strong junior college background, where they are providing academic transfer kinds of stuff. Some colleges have been a little slow in coming around to the development of that [workforce development] part because they have so many people who come in and want to take an academic program.

In Wisconsin, local career development centers and community colleges were often independent of one another, even though they were located within blocks of one another. In other cases, as in Iowa and Maryland, community colleges were not part of initial planning efforts; and because they were not part of discussions, it has been difficult to incorporate them into a developing process.<sup>19</sup> In some states—particularly some states that we did not visit—community colleges continue to view themselves as academic and transfer institutions, rather than as embracing a wide range of purposes. In these cases, linking community colleges with other training and economic initiatives has been particularly difficult.

Even when community colleges have participated, their entrenched practices have often limited the extent of the participation. In North Carolina, with its occupationally oriented colleges, an initiative from the Department of Human Services sought a more holistic approach for welfare recipients than colleges were then providing, based on the model of the Center for Employment Training (CET) in San Jose.<sup>20</sup> When no college had developed such an encompassing approach, one was "drafted" to participate. So far, it has been able to incorporate only some of the CET elements.

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<sup>19</sup> However, Maryland has a new initiative for Advanced Technology Centers, and there is hope for bringing more community colleges into the overall system.

<sup>20</sup> The CET is an exemplar that has twice been found through random-assignment studies to be more effective than other training programs; see the JOBSTART evaluation by Cave, Bos, Doolittle, and Toussaint (1993) and the Minority Female Single Parent Demonstration evaluation by Gordon and Burghardt (1990). However, the reasons for its effectiveness are unclear and sometimes disputed: one "official" story is that it works because it integrated both vocational and academic education (Rockefeller Foundation and Wider Opportunities for Women, 1989), but our observations suggest that the combination of real work (in a day care center,

In addition, many colleges have weak links to local employers; they are often driven by the demand for enrollments rather than the demand for placements.<sup>21</sup> Thus, even in the highly regarded North Carolina system, a director of economic development criticized over-enrollment in a cosmetology program while other jobs were going unfilled; a dean of occupational education complained that employers were crying for multiskilled welders while the college was unable to recruit students because of its inflexible schedules, and the dean of continuing education reported increasing enrollments in short-term welding classes—flexible but inappropriate to preparing multiskilled welders. Community colleges have sometimes knocked themselves out of coordinated systems because of their inflexibility; the time they require to initiate new programs; and, in some states, their disdain for occupational preparation and noncredit courses.

In Section VII we will examine more carefully the negative consequences of maintaining a division between *education* and *training*. In general, our evidence—and the implicit views of states that have intended to include them in reform efforts—suggests that both education and training would benefit from additional coordination, that each has much to learn from the other, and that greater coordination between them would help individuals and employers alike. For the moment, it is sufficient to point out that a seamless system has in many states been thwarted by the resistance of education providers.

Occasionally other programs have been known to resist integration. In Wisconsin, for example, vocational rehabilitation unsuccessfully opposed being included in the state's consolidation efforts from the beginning. These programs felt that their clients needed special assistance that would be threatened by their incorporation within a larger Department of Workforce Development. In Oklahoma, the JTPA system has been viewed as resistant to change by advocates of broader system reform. However, most resistance appears to have come from education providers.

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cafeteria, and other small businesses that CET operates), ancillary support services including placement, a special emphasis on the needs of Spanish-speaking immigrants, and long-standing ties to employers are responsible as well (Grubb, 1996a, pp. 81-82).

<sup>21</sup> These findings echo those in Grubb (1996b), especially Chapter 6, which examined community colleges in four local labor markets and found connections to employers much weaker than colleges claimed.

## ***Inconsistencies in State Practices***

Even though many states are moving to coordinate policies through state-level councils, they have sometimes failed to iron out inconsistencies in their own policy developments. These contradictions then send confusing messages to both local and state administrators, and may complicate coordination just as a state is trying to enhance such reforms. The following are some examples of these inconsistencies:

- States continue to proliferate traditional categorical programs, despite commitment to coordination and consolidation. In North Carolina, community colleges have been centers for providing a wide variety of services, including literacy programs. Yet when the state received a federal grant for a literacy resource center, it created independent centers apart from the college centers. This created a new constituency with political clout (the largely volunteer resource centers), further divided scarce funding, and muddled coordination efforts. In Texas, the legislature created the Texans Work Program for welfare recipients, which some see as yet another job training program—though it also provides a variety of subsidies to employers (who need not pay payroll taxes, UI, health insurance, or pensions for trainees).
- Many efforts to enhance coordination do so by creating a new agency or advisory body, contributing again to the proliferation of programs. For example, while one-stop centers are intended to make the workforce development system function more smoothly, their creation at the same time means that new programs arise in new locations, with new names and identities. It has been difficult to determine exactly what they do, and we suspect that potential clients have the same problem. In Oklahoma, with its nascent Workforce Quality Compacts, leaders in two of the three local areas we visited saw some value in establishing a local Compact but also commented that this could end up as “just another meeting” or “another layer of bureaucracy.”
- Some states have been unable to make up their minds about the composition of state-level coordinating agencies. For example, Michigan has changed course several times in its treatment of UI and ES. In 1991, Governor Engler tried to place the two in the new Michigan Employment Security Agency (MESA). This change was challenged legally but upheld after a six-year battle. The two programs were then moved under the authority of the MJC. Unsure about how to integrate MESA into the MJC, Engler hired a consulting firm. As a result of their report, UI will be transferred to the Department of Consumer and Industry Services, ES will remain under the MJC’s control, and MESA’s other functions will be delegated to local WDBs. Seven years after the creation of MESA, UI is now independent and the integration of ES has only begun.

- Turf battles and rivalries are almost inevitable as states begin to coordinate. In Oklahoma, JTPA considered itself one of the few existing workforce development programs, and felt excluded when it was represented on the state-level Workforce Quality Compact through the director of the Employment Security Commission rather than through the state JTPA director. Other state directors were skeptical of JTPA claims to being the centerpiece of workforce development. In their view, JTPA's statutory focus on serving specific populations meant that it did not provide universal services accessible to all job seekers and, therefore, it could not constitute the principal system. As one mentioned,

The demand of the marketplace is bigger than any one institution can supply. So when one institutional person stands up and says "we're it," that's a very provincial, self-serving, narrow perspective on their part, and I want to say "you're part of it but you're not it."

- States are sometimes unwilling or unable to impose a uniform policy on different programs with federal funding. In Massachusetts, the funding for the new career centers came from several sources of federal funds flowing to various state agencies, which then needed to develop complex interagency agreements to transfer funds to local career centers. The process of negotiating these agreements has been one in which separate agencies continue to impose their own service and performance requirements—a process that, from the perspective of career centers, represents the "revenge of the bureaucrats." From the perspective of overall state policy, this conflict represents an inability or unwillingness of the state to force state agencies to follow a uniform policy consistently.
- The voluntary efforts in Oklahoma create their own special problems. Communication with the public has not been particularly strong, breeding some question about the motives of state officials. Because of the informal meetings, some people perceive the state Compact as exclusive and secretive. Employers were not involved at the early stages because state directors wanted to develop their own working relationships before opening up the group to employers. The state directors view it as simply a matter of time before private sector employers as heads of local Compacts will be included in the state-level group—which, in fact, took place in late 1997. But this postponement of including employers led some detractors to claim that the state did not intend to include employers, and that the state was "not modeling what it expects the locals to do." There are advantages to an informal and voluntary beginning, but this way of working is deeply contrary to established practice and generates its own resistance.
- The largest contradiction—one we will explore in greater detail in Section V—is between "work first" policies and the impulse to provide education

and training in the workforce development system. Community colleges and job training programs are designed to help relatively unskilled individuals get into the labor force by improving their work-related competencies, but if an individual is on welfare, they cannot use these services in "work first" states. Many state officials expect that, without adequate education and training, many current welfare recipients will continue to be cyclically unemployed—with little hope that the state programs will be able to help them. As one community college president in North Carolina mentioned, welfare recipients "are going to get dead-end jobs to start with, and they can't live off that. And they lose their benefits, and where are we?" The conflict between these two approaches is also evident in some of the One-Stop Career Centers in Texas, which have placed greater emphasis on identifying individual needs and referring them to appropriate education and training despite the state's "work first" policy.

These inconsistencies illustrate the many kinds of changes that states need to make if they are to effectively coordinate their workforce development programs. Of course, working out such problems may simply require time and stability in policy direction. It is unrealistic to assume that the many problems that have accumulated over three decades of proliferating programs can vanish quickly.

### *Competing Priorities for Individual Programs*

Although there has been a long history of complaints about the lack of coordination, a common problem is that coordination is near the bottom of every program's priorities. Particularly in a period of substantial change, each program has its own problems to worry about, long before it turns its attention to its relationships with other programs. Thus, welfare departments in every state are worrying about conforming to new federal requirements for welfare "reform," and have little energy to think about coordination. In North Carolina, community colleges are converting from quarters to semesters, have just adopted a common statewide set of approved courses, have received large increases in funding for employer training through occupational extension programs, and are participating in a new follow-up system operated by the Employment Security Commission. In Florida, community colleges are grappling with the first stages of incentive funding, as well as occupational forecasting, the development of an integrated information system, statewide articulation mechanisms, and the integration of two delivery systems: (1) the technical centers of the K-12 system and (2) the community colleges. In Oklahoma, the state's coordination effort is voluntary, so it is not surprising that it is often a secondary priority. Coordination may enhance the effectiveness of

a system, but because individual programs and institutions are often caught up with other changes more closely related to their core purposes, it must sometimes wait until more pressing issues are resolved.

### ***Multiple Advisory Committees and Substate Entities***

While many states have consolidated advisory boards in state HRICs, there remain many separate programs with different advisory committees, each pulling in different directions, each with its own political base and interests. When many boards and commissions coexist, the result can be stasis. As an administrator in North Carolina noted,

You have a lot of politics in all of this. You've got the folks that want to be on the workforce development boards and don't want the community colleges to get all the money. You've got a lot of political contributors to the Governor and the legislature. . . . And, although community-based organizations do not make large contributions, they do have a lot of volunteers. . . . Everybody is protecting their turf, their jobs, their community-based organizations. Nobody has taken a statewide initiative to really pull this together. The only person who could truly do this is the Governor. And the Governor is not willing to take on the politics of this.

Similarly, in Texas, there is an ongoing feud between the Department of Human Services and the TWC about who controls policy for welfare-related changes—despite the presumed consolidation of such training in TWC.

Because states have not been able to consolidate all their education and training programs, multiple substate regions still exist with inconsistent boundaries. For example, in Oregon, Regional Strategies Boards, Regional Workforce Quality Councils (RWQCs), Community College Districts, Education Services Districts, and SDAs for JTPA all coexist, each with somewhat different boundaries. This complicates all issues of coordination. For example, the boundaries of a Regional Strategies Board may lie in two different RWQC regions, requiring that staff members attend two sets of meetings. These problems become particularly difficult in rural areas. In addition, different programs have their own advisory committees. While some regions in Oregon have managed to have overlapping membership on advisory committees—so advisors as well as staff become aware of coordination issues—in other cases, different groups of individuals in a region meet to advise programs about their directions, potentially pushing them in very different directions.

In Oklahoma, the voluntary Workforce Quality Compact has established boundaries for the local WDBs, but their boundaries do not match those of

the one-stop centers established by the Employment Securities Commission, which is a member of the state Compact. The lack of common boundaries and some confusion about which agency is responsible for one-stop centers has caused local confusion. In Muskogee, for example, the Workforce Development Program anticipated that it would have substantial control of the one-stop center, but, in fact, the one-stop center was the responsibility of a different board under the state's Employment Services Commission, and the two came into conflict about direction and purpose.

### *Changes in Roles*

Finally, some of the changes in state reforms require new roles for state personnel, and state personnel may be slow to change their direction. The most pervasive example is the shift to "work first" programs. In North Carolina, the state agency had hired many new social workers to provide case management under the JOBS program. Under "work first," there is an excess of social workers, so some are being retrained as job developers—a slow process, and one that not only duplicates the efforts of many other agencies with job developers for low-skilled clients, but also circumvents the one-stop centers whose responsibilities include placement. Other changes include the different behaviors required of state officials involved in technical assistance, with a shift from monitoring to providing help; the tasks involved in the development and dissemination of information about programs; and the shift required in moving toward market-like policies with their requirement of competition. In the absence of staff development—which, as we mentioned in Section I, is comparatively rare—it may be difficult for state administrations to change their roles in these substantial ways.

These systemic problems that states have had are all quite predictable. They are all rooted in the underlying problem: thirty years of proliferating education and training programs have created programs with different clients, different purposes, and inconsistent forms of administration. It is not surprising, then, that undoing these differences takes time; requires revising established patterns; and, in the process, creates considerable political turmoil. Precisely for this reason, stability is crucial to reform efforts.

### *The Continued Restrictions of Federal Programs*

In the efforts of states to develop more coherent workforce development systems, the role of the federal government has been decidedly ambiguous. There continues to be substantial state-federal conflict (mirroring local-state conflict, in many ways). States often complain about the continued restrictions of federal rules and regulations, even when there are ways for states to take more initiative; they sometimes seem to blame federal

regulations when local or state politics are more to blame. In many cases, training programs that are wholly federally funded, like JTPA, have been treated by states as federal and, therefore, outside their purview, even when federal regulations allow substantial amounts of state control and modification.

In addition, states with a history of reform efforts have relied extensively on waivers from federal regulations. The best example of this strategy came in Oregon, where the Oregon Option included a Memorandum of Understanding signed in 1994 by various state and federal officials "to redesign and test an outcomes-oriented approach to intergovernmental service delivery." In essence, the federal government agreed to relax its regulations for the state, and the state, in turn, would relax its regulations for local governments, in exchange for measures increasing the performance of the system, including six benchmarks for improvement. Following this agreement, a set of waivers called Workflex has allowed up to six states (including Oregon) to waive federal barriers to greater flexibility. (The WIA of 1998 allows all states to apply for Workflex.) In effect, the waiver process allows states to bargain with the federal government over what improvements they make in exchange for relaxed regulations; therefore, federal regulation need not be as restrictive as states sometimes describe it.<sup>22</sup>

Nonetheless, federal regulations continue to have a restrictive influence. One source of trouble comes not so much from the existence of regulations, but from serious uncertainty about the interpretation of regulations. Many local and state officials complained about the difficulty of getting clear pronouncements about what is allowable. State officials, regional DOL officials, and federal DOL officials all make pronouncements on particular regulations, often inconsistent with one another and inconsistent from region to region; few are able or willing to refer to written documentation or prior decisions. Unlike entitlement programs like UI and Social Security, which have developed a system of administrative laws and judges to interpret them, there is no record with the force of law to rely on. Instead, there are a series of DOL "clarifying" documents, without the force of law or regulation, that seem to be used randomly and inconsistently. And delay in writing regulations is epidemic: two years after the passage of welfare reform in 1996, the federal Department of Health and Human Services has still not issued final regulations, adding to the uncertainty. In this

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<sup>22</sup> From the federal perspective, the waiver process allows the federal government to negotiate about state improvements, while the route of consolidation simply eliminates regulations (along with some federal funding) without any guarantees about how federal funds are to be used. From the viewpoint of enhancing effectiveness, the waiver approach may make more sense—though the choice between the two has rarely been posed in this way.

Kafkaesque situation, it can be impossible to get a clear answer about whether a particular practice is allowable or not, and waivers are inconsistent among regions and among states.

The clearest example of this administrative chaos came in the use of ES funds. Many states would like to use these resources in conjunction with local coordination efforts to provide information and counseling to a variety of potential clients, in ways different from the practices of ES with its reputation for low quality and its insistence on eligibility determination and lengthy registration procedures. However, when Texas tried to use funds in these ways, its waiver was denied by a regional DOL official. Michigan attempted to do something similar and was opposed by DOL; a lawsuit followed, where Michigan won the first round. In contrast, Massachusetts did not ask for a waiver and has used ES funds for its local career centers; and the need for a waiver has not been raised by the regional DOL. Similarly, Wisconsin has blended ES and TANF training funds together and contracted out all employment services to the best bidder, as Massachusetts does, again without DOL objection. Thus, the question of whether ES funds can be used in subcontracting arrangements, with the possibility of reforming how such services are provided, does not have a consistent answer: it depends on the region, on the willingness of a state to bring a lawsuit, and on the willingness of a state to proceed with its plans without notifying DOL of its actions.

Of course, federal regulations themselves cause endless problems in state coordination. The complaints from local and state officials about inconsistent requirements—governing eligibility, advisory committees, reporting periods and requirements, allowable expenditures, contract years, the boundaries of regional entities, planning procedures, and a myriad of other administrative details—are virtually endless. Here, for example, is the complaint from a North Carolina official about the lack of a common federal vocabulary:

The Departments of Labor, Health and Human Services, Education, Commerce, Housing and Urban Development, and Agriculture all have different poverty levels. This one word causes more confusion in programs than any other word in the world. Each Department, each worker calls something different the poverty guideline. But they are not the same. So somebody says about their client, "I've certified them eligible; they meet the poverty guidelines in the JTPA program." And they send them over to Headstart, who says the client really isn't eligible at all, because no one understands the numbers are all over the place. . . . It certainly seems to me that, at the very least, the feds could have one poverty guideline.

The efforts of local one-stops in Iowa to create a "seamless" system, combining funds from several programs without the client having to jump through separate eligibility and assessment procedures, is essentially a statement that the task of reconciling these conflicts has been a substantial barrier—to potential clients and local programs alike. While we did not ask state officials for a detailed accounting of the federal regulations that are the most burdensome, it is clear that—as an alternative to consolidation—the streamlining of federal regulations would provide a great boost to local and state coordination efforts.

Finally, the enactment of welfare "reform" has brought a new set of federal rules and requirements to state workforce development systems. We will document the negative effects of these changes more carefully in Section V. For the moment, it is sufficient to note that they introduced new kinds of rigidity and requirements and constrained state options, rather than enhancing state control. As many state officials noted, while they had anticipated consolidation of federal programs and the alleviation of federal regulations, they, instead, got welfare "reform" with quite the opposite consequences.

Overall, federal rules and regulations have a negative effect on state efforts to coordinate their workforce development programs. We also suspect that they contribute to differences among states. Those states (like Oregon) that are most active in developing their state plans seek out waivers; other states (like Michigan), sure of their direction, are willing to challenge federal restrictions. Less activist states are less willing to challenge these rules and regulations, however—even when they are based on the interpretations of regional officials, or are poorly codified and inconsistent—and so these states make fewer efforts to coordinate programs governed by federal funding. The result over time is likely to be a greater variation in what states do.

## **SECTION 3**

# **State Policy and Local Responses: The Balance of State and Local Initiatives**

Workforce development programs are delivered at the local level. No matter how coherent and rational state policies may be, they make little difference if local programs do not implement these changes. In this section, therefore, we examine first how states have tried to implement their policies at the local level, and then examine what changes have taken place locally in response to state initiatives based on our examination of two localities in each of the states we visited.

A decade ago, the most active forms of coordination among workforce development programs seemed to originate at the local level. Sometimes these efforts were helped along by state and federal requirements for joint planning and local advisory committees, to be sure, but they were dependent more on the ways local administrators and institutions saw their interests in either joining forces or remaining independent.<sup>23</sup> In such cases, successful coordination was idiosyncratic rather than systematic, occurring in a few local communities—the ones consistently held up as exemplars—while many more simply failed to create much coordination at all. The question, then, is whether the more recent efforts of states to create more coherent workforce development systems have had more effect at the local level, and whether we can detect any tendency for more local communities to enhance their coordination as a result of state policies. This is, of course, a much larger question than we can answer by examining only two communities within each state, and for many states it is still too early to expect many local responses to state initiatives. Nonetheless, information from the local level provides some indication of which state policies are more and less likely to have local effects. And from studying the interactions between local and state governments, it seems apparent that the structure of local and state efforts is moving in the direction of greater coordination, albeit slowly, fitfully, and with complaints on both sides.

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<sup>23</sup> See, again, the NCRVE reports cited in footnote 5, particularly Grubb and McDonnell (1996), which identified five local functions influencing the extent and nature of local coordination.

## *A Continuum of State Strategies*

The different states that we examined vary substantially in the degree of direction over local programs. Some of them are—whether from a philosophical belief or political necessity—highly respectful of local autonomy, and have tried to improve workforce development through additional funding, exemplars and technical assistance, and other efforts that change the local culture around education and training programs by clarifying the local self-interest in doing so. Others, often more insistent that education and training are state rather than local prerogatives, have introduced more directive measures intended to force localities to comply with state policy—that is, more stick than carrot, more top-down than bottom up. The states we have examined fall roughly into three different strategies: (1) laissez-faire approaches; (2) “centrally guided, locally directed” efforts; and (3) directive state policies.

### **Laissez-Faire Approaches**

Some states have done little to encourage local programs to coordinate in any way. Because we deliberately chose a sample of states known to be actively reforming their workforce development systems, a laissez-faire approach is rare among these ten states. However, Arizona provides a good example of a state that has let local communities set their own direction. Aside from the implementation of one-stop centers, which provide vehicles for joint planning if local programs choose to do so, there isn’t much state direction. Laissez-faire approaches generate the results that have been typical in most states: local initiative in coordination, with wide variations among communities in the extent of joint activities and planning.<sup>24</sup>

### **“Centrally Guided, Locally Directed” Efforts**

By far the most common approach to local implementation in the ten states we examined was the approach that Oklahomans describe as centrally guided but locally directed. This approach tends to avoid mandates on local governments, recognizing that local autonomy is both necessary and politically unavoidable. However, the state provides some guidance and encouragement (including fiscal encouragement) for local communities to plan and coordinate their programs. The Oklahoma effort is marked by voluntarism at both the local and the state levels because of the belief that enforced consolidation merely creates new layers of bureaucracy, conflict,

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<sup>24</sup> In a few cases, states like Texas have developed clear visions for a workforce development system, though problems in implementation have prevented the vision from being realized. While the effect for the moment may be the same as a laissez-faire policy, over the long run such states may find ways to implement their vision.

and resistance. The Workforce Quality Compact supports the state vision that changes will be centrally guided but locally directed. Central guidance means that state members (state agency heads) will try to adhere to the principles of the Compact "before they start another program or run another contract," and the state agencies will provide "a great deal of training, of field support for the paradigm shift away from the traditional, and a willingness to promote and publicize the positive aspect of that change," as one state official mentioned. Local direction is necessary because local providers need to be responsive to local employers in reshaping their programs because communities across the state are very different, and because reform "would only work if it was bottom up instead of top down because if they're not interested in doing this, it will never happen." Ultimately, the state-level Compact in Oklahoma expects direction from local Compacts in the form of suggestions for changes at the state level to allow coordinated delivery at the local level. The state has hired two "evangelists" to travel around the state to raise awareness of the need for greater coordination. However, there are currently few mechanisms to require local Compacts to be formed; and local Compacts, taking their cue from state efforts, will bring together education, training, employment, and welfare providers but without directive power. We can anticipate that—like in Oregon—enthusiasm for these efforts will vary considerably around the state.

In Oregon, the state is trying to establish a culture of coordination without sanctions in which expectations and peer pressure encourage local communities. The state's effort to develop a comprehensive data system and the Oregon Benchmarks may make it more obvious when a community is falling behind its peers, though there are no coercive mechanisms. Its theory of change, relatively simple to express though difficult to implement consistently, supports locally planned and administered programs. The primary strategy to change locally is peer pressure—from employers, other service providers, and even other regions—with the help of state benchmarks and performance measures that create measures of outcomes and progress visible to all. But if a region chooses not to link its programs, there are no sanctions; if it fails to meet performance targets, the response is technical assistance rather than reduced funding. The idea is "not to force people, but [to] have people want to do it," as one state administrator declared, because "if they don't buy it, they won't do it." State leadership is important, to be sure, to communicate to business leaders that government is serious about change, and to create the expectations—communicated through benchmarks and performance standards—for improvement, but local control is important because "needs are local and resources are local." The downside of this policy is that there has been uneven implementation of state directives. State administrators estimated that about half the state's regions embraced the purposes of the regional Workforce Quality Councils

(WQCs) in some meaningful way. Other localities were just "dadgum resistant," not wanting the state to tell them what to do, or perceiving coordination to be unnecessary.

Massachusetts has taken the same approach, though some feel that the balance between the local initiative and the state's role has gone too far in the local direction; for example, when the state allowed centers to develop their own data systems, the result was a set of incompatible systems that prevent comparisons among regions. Similarly, in Maryland, Governor Schaefer's Workforce Investment Board did not dictate who provided services locally, but, rather, encouraged collaborative planning. Particularly when new money became available, common planning was encouraged—or, as one local policymaker commented approvingly, "the state demanded planning," trying to bridge the "we/them" mentality in local programs. However, under Governor Glendenning, the Governor's Workforce Investment Board (GWIB) has been substantially weakened, and in one sense Maryland has gone back to being a laissez-faire state. One local administrator mentioned that the state had created "no new barriers, but no new support either" for local coordination, so that "the state allows locals to work out integration issues themselves"; in the creation of one-stop centers, the state has disbanded the state team promoting greater integration of one-stop services and has stopped "beating locals into one-stop formation." However, the state is also moving toward more market-oriented mechanisms that are in some ways more directive, as we will see shortly.

Iowa's approach has been similar, though it has been trying to use state policy to *create* local action where little has existed before (at least in some regions). The hope is that the new Regional Advisory Boards (RABs) create a new set of stakeholders who will drive developments first at the local level, and then at the state level. As one state official commented, the goal is "to give the local center operators, the Regional Advisory Boards, and the coordinating services in each region a sack of money and tell them, 'you invest this where you think it's needed most in your community'"—though subject to state approval. In part, this appears to have given many outlying regions in the state a greater chance for autonomy. As one local RAB member mentioned,

I think one of the most innovative things the state has done was the fact that they decided it was time to consolidate efforts and services and the fact that they broke the state down into regions. We always feel like, outside of Des Moines, that if something's a statewide effort, it means it's in Des Moines; otherwise, you see a little dribble here and there. So I think the fact that they did give regional control and regional input as to how the system is set up,

how it will be monitored, is probably the best innovation in 20 years.

Evidently states can manage to delegate their powers, and in creating an effective workforce development system this may be virtually necessary.

Other states have relied on supportive mechanisms and encouragement: As we have pointed out (see Box I.2), North Carolina has made extensive use of technical assistance. The state Workforce Quality Compact in Oklahoma hired staff to support the development of local Compacts. In Maryland, one purpose of the GWIB under the previous governor was to encourage collaborative planning and decisionmaking at the local level, particularly by encouraging collaborative planning for new programs, but the state did not dictate who would provide services. This worked well as long as programs were expanding, but the momentum of such efforts diminished when the 1990-1992 recession made less state funding available for new programs; as one local administrator noted, "joint planning for existing programs didn't work as well." More recently, Maryland has started to use financial incentives and performance measures to drive local action, though these more directive efforts are just beginning.

In these essentially voluntary efforts, *new* initiatives can still carry the state's imprint, even if the state shies away from forcing *old* programs to coordinate. Thus, one-stop centers have provided opportunities to create local agencies concerned with coordination from the outset, and STW grants have also enabled states to provide incentives—particularly funding—for local collaboration even where none has existed before. Oregon and Oklahoma, with their essentially voluntary efforts, have also incorporated the one-stops into their broader efforts to increase coordination—though one-stops have also provided opportunities for old turf battles to re-ignite. In Maryland, the collaborative planning process has continued to operate with planning for one-stop centers and STW. But using new programs to carry the burden of coordination is not necessarily an effective approach because new programs, by definition, represent a small fraction of overall resources in workforce development. In addition, some new programs do not last long and, therefore, do not sustain collaboration.

### **Directive State Policies**

Some states have developed policies that are more directive, and—intentionally or not—require local communities to respond in various ways. The market-like mechanisms adopted in Florida and elsewhere are good examples: while performance-based funding was initially voluntary, participation will be mandatory in 1999 and will apply to 15% of state funding for community colleges and technical centers. Local institutions have no choice about responding to the incentives embedded in the funding system. As one local WDB director noted, "We're really just getting hit over

the head. PBIF [Performance-Based Incentive Funding] and other measures are really driving performance. We have to do it."

Similarly, provisions allowing programs to compete with one another set in motion a process of competition that local officials cannot control, and they may be forced into competitive relationships with one another. In Massachusetts, for example, the Michigan Jobs Commission's (MJC's) requirement that local Regional Employment Boards (REBs) use an open and competitive bidding process to establish one-stop centers not only created conflict among local agencies and providers, but also resulted in winners and losers. In part as a result of this local dissatisfaction, Massachusetts has modified its stance, allowing local REBs to choose either a competitive or a collaborative model for establishing one-stops. They are, thus, forced into competitive relationships. In Michigan, the state has required local workforce boards to contract out all services, generating local opposition as well. As one local official noted,

One of the state policies to ensure that a workforce board has complete autonomy in making policy is that they will sever relationships with providing direct services to clients. Our staff used to provide many services out of our office. The state then said we could not do it anymore because there was a conflict of interest. But what is upsetting is that they did not give credible institutions an opportunity to prove that they could do it without entertaining the appearance of a conflict of interest. So we had to farm out services to inexperienced agencies within the community to run the system; a viable delivery system was, in essence, torn apart. You can expect to see a drop in performance just because of the transition.

When states have developed more directive policies, they are sometimes trying to change business as usual. For example, requiring local boards to subcontract large amounts of education and training accomplishes two goals: (1) it replaces the tendency to fund small, narrowly targeted mandates (like training for a specific entry-level occupation) with the resources to accomplish broader changes; and (2) it can break up conflicts of interest when members of a PIC represent providers bidding for funds. These are cases where local boards have ceased to represent the interest of local clients and employers, and state activities are intended to instigate more effective practices.

In the current climate of devolution of authority to more local levels, there has been little appetite for more directive state policies aside from market-like mechanisms and the large exception of welfare policy, which we examine shortly. However, policymakers do recognize that the approach of central guidance and local direction allows some regions to coordinate

while others do not. In Oregon, for example, local officials noted that if the state really wanted to achieve coordination more uniformly, "it's going to have to mandate it" in order to prod the more resistant individuals and organizations; mere encouragement might take too long compared to firmer state leadership and more "top down" strategies. Similarly, policymakers in Oklahoma have voiced some uncertainty about the effectiveness of purely voluntary efforts. As one local official noted,

The one big problem with the Compact right now, from what we've seen, is you've still got at the state and federal levels a lot of money in the form of grants. . . . As long as they do that and the state doesn't take a hard stand and say, "no more monies unless you cooperate," it's not going to work. And every time we turn around, there's going to be something else going on we didn't know about.

But the overall tenor of most state activities has been to forego such directive efforts on the grounds that they cannot be very effective anyway—at least not at this stage of system-building.

The one great exception to the avoidance of directive mechanisms has come in welfare policy. States that adopted aggressive "work first" programs (like Florida, Massachusetts, Michigan, Texas, and Wisconsin) have given local agencies no choice about adopting such policies. Typically, the only activities that count as required work in these states are short (e.g., two-week) job search assistance activities followed by work placements—so local authority to provide longer education and training, or to tailor programs to the needs of individuals, or to accommodate individuals who have already enrolled in education or training programs and want to complete them is completely curtailed. In turn, this kind of state directive has alienated a number of local programs that have been committed to providing more education and training for welfare recipients, not less. In Michigan, one local official noted the conflict between the state's "work first" policy and its commitment to local autonomy:

When the state introduced its Work First program, it was pretty clear to most of us at the local level that there was a strong political agenda. The rule was to get people placed as quickly as possible with as little cost as possible. The state didn't care what type of job it was. That really went against the grain of what the board has been working on for the last 20 years, which is to provide quality services to individuals and to assist clients in obtaining long-term, self-sustained employment by providing good assessments up-front and addressing the barriers. Obviously this is an instance where the WDBs are not having much autonomy.

Similarly, officials at the local level in Texas objected to the state's "work first" policy. One complained that "the biggest complaint [from employers] has been that TWC sends people without a lot of skills." Another administrator at a local job center noted the conflict between local and state policy:

I don't think that is doing a service to the employer or to the individual. . . . And if I had that attitude of not wanting to seek retention on the job, I would lose the employers who are the customers of the center—and I can't afford to lose them. The [local] board will fire [us] if we're just throwing bodies at employers.

In Maryland, SDAs administered job training for welfare recipients for many years; but under the recent governor and "work first," the state decided that SDAs would no longer play that role. In turn, some SDAs have become highly critical of the recent welfare "reforms," arguing for the need for pre- and post-employment training despite the state's commitment to "work first." As one local administrator noted, the state in the past developed a coordinated workforce development system; now "the state has forced a parallel delivery system, one for welfare recipients and one for everybody else."

It's still too soon to know what the resolution of this conflict will be; obviously the future of welfare "reform" will be a hotly debated topic at all levels. For the moment, however, changes in welfare-to-work programs have generated some of the most heated conflicts between local programs and state policy, and some of the most obvious contradictions between state commitment to local autonomy and the prescriptiveness of state welfare policy.

### **State Creation of Local Autonomy**

In between the two extremes of local control and more directive state policies, Iowa is an example of a state where policy has been centrally developed, though it is trying to create a more locally directed system that can respond to local conditions flexibly. One goal of recent legislation is to have the RABs create their own policies, and over time develop a new set of stakeholders who will then drive state policy—instead of having state policy drive local decisions. This overall plan has won some support from the local level—exemplified by the RAB member quoted above who said that "the fact that they did give regional control and regional input as to how the system is set up, how it will be monitored, is probably the best innovation in 20 years."

However, realizing this vision will take a long time and will require substantial changes in the roles of local administrators. Because there is no history of local autonomy (except in community colleges), the RABs must

be developed and nurtured to fulfill their new responsibilities. For their part, RAB members complained about inadequate funding for the requirements imposed by the state, lack of authority over programs (like the inability to force programs to co-locate in one-stop centers), different schedules and conceptions of purposes coming from different state programs, and the special problems of location and distance in rural areas—all except the last being problems created by the persistence of *state* rules and practices despite a decision to develop more *local* autonomy. Of course, the process of developing local autonomy will require a series of small tests of local decisions against state policies. With stability and time, such a locally driven system might develop, though changes and inconsistencies in state policies can easily undermine such a vision.

### **Local Anticipation of State Changes**

States can have some influence on local activities, even in the absence of encouragement, simply by discussing potential changes in state policy. In Michigan, for example, Governor Blanchard's efforts to create the Michigan Opportunity System (MOS) in the late 1980s and into 1990 caused many local areas to begin moving toward greater cooperation in anticipation of changes. Then, when Governor Engler unexpectedly won election in 1990, the MOS itself was eliminated but the local planning created the conditions for further local coordination, particularly around one-stop centers. Now, some localities, having moved to greater local coordination, perceive the state as "heavy-handed" and overly directive—particularly in the areas of "work first," competitive subcontracting, and other market-oriented reforms. However, others seem pleased with what the state has done. Thus, the train of local planning, once set in motion, may generate its own momentum independently of state efforts. Something similar has happened in those states, like Texas, that anticipated federal consolidation: their coordination efforts live on despite the failure of federal legislation.

The independence of local efforts can also be seen in Maryland, which, like Michigan, reversed its state efforts. The local planning set in motion under Governor Schaefer seems to have had a lasting influence, particularly in local planning of STW and one-stop centers; several local policymakers we interviewed were indifferent to, and not fully aware of, changes at the state level and were continuing with local cooperation despite any changes. But others resented the fact that the state is "regressing" in its efforts; as one complained, the state, "which not too many years ago was seen clearly as a leader in workforce development, is going in the wrong direction." The comment already cited—that "integration takes energy" or "some force field" to maintain it—also came from a local Maryland official. Without the governor's commitment and backing, therefore, "things go back to the way they were."

## The Special Role of One-Stop Centers

Finally, federally funded one-stop centers have played a role in promoting local coordination, almost despite state policy. In many cases, state policy about one-stop centers has not been especially active. But the very process of forcing programs to come together, even around the provision of minimal information, has forced local programs to work together *around a specific project*, in ways that consultation requirements and sign-offs never have. The very act of agreeing to share information and location exceeds any previous level of communication; joint planning is a new activity for many programs, and a foundation on which other activities can be built. As a community college administrator in North Carolina noted about the local one-stop,

We've been living together before, but now we're married. There are different rules now. In a marriage, one set of strengths complements weaknesses in another partner. We use informal negotiations to reach decisions. Our matured partnerships overcome making sure everyone contributes exactly the same amount.

And where one-stops have moved beyond information provision to co-location, then the extent of interaction has increased even more. In this way, federal policy has contributed to greater coordination at the local level. As a local official in Michigan noted,

No Wrong Door is really forcing us *all* to sit down at the table and figure out how we can maintain a system and still provide what we think are essential services to a universal population with reduced budgets. . . . In a year or two down the line, I think that we'll really be doing more for the population with less effort and they'll still get the quality that they want.

Now, it is easy to oversell the reality of one-stop centers. In some places, they provide information only in "self-service" mode, often in computer-based systems that are unlikely to be useful to unsophisticated consumers. In other cases, they have been so engulfed by responsibilities for welfare recipients that they are likely to be shunned by other potential clients and employers. But where states have managed to consider them more expansively, their potential for knitting together local programs—including those like community colleges and adult education that are poorly integrated at the state level—is substantial. The Newmark Center in Oregon, described above in Section I, provides an excellent example.

## *Local Responses: The Varieties of Resistance and Resentment*

When we examine local responses to state initiatives, we obviously find a continuum. Some communities are not particularly interested in cooperation and coordination, and of course they resist whatever the state is trying to do—particularly if the state uses any directive mechanisms. On the other hand, communities that are trying to coordinate actively are likely to be ahead of the state, and they may resent state policy for failing to clear away the inevitable barriers to coordination, or for failing to give them the freedom to cooperate more completely. There is a broad range of local disagreement with what states are trying to do—therefore, although it is important to identify the stage of local coordination before interpreting local reactions.

In Florida, for example, there is noticeable resentment from local providers toward the state's imposition of performance-based funding, which is clearly interpreted as coercive. The same feelings, about the state being "heavy-handed," exist in Michigan toward the requirements for subcontracting services and in Massachusetts toward the requirements that job centers be created through competitive bidding. In Texas, local programs have resented the late and inconsistent state guidance about implementation, stringent contracting rules, slow turnaround on contracts, and the overbearing "work first" approach for all education and training.

In Wisconsin, local reaction to state changes has been decidedly mixed, and there is considerable "state-bashing" by localities. One state official characterized it as an attitude of "leave the money at the border of the county and then go back to Madison," and another claimed that there had been collusion in some counties to thwart state efforts at uniformity across job centers:

It's been a studied decision and, you know, purposeful approach not to do things in an SDA-wide manner. . . . They're all very happy to sort of coexist next to each other, but separate from the state.

In some cases, state policies that are initially resented by local providers develop their own constituencies. For example, performance-based budgeting was viewed with some trepidation in Florida; however, the community colleges that have increased their resources through high performance are quite pleased with themselves and with the new form of budgeting, and they will certainly continue to be supportive of performance-based budgeting. In Massachusetts, where resentment of competitive bidding forced the state to allow local REBs to use either competitive bidding or cooperative procedures to establish job centers, about half of the REBs continued to use competitive bidding. So, resented though these directive

policies may be initially, they have ended up changing practices for at least some localities, and they create their own political support as well.

On the other hand, localities that are trying actively to coordinate resent it when the state is not moving fast enough (or not moving at all). In Maryland, local officials generally resented the move "backward" in terms of state support for coordination. One mentioned that the state had previously "looked at setting overall policy," but under Governor Glendenning there are "almost six state agencies with a piece of the workforce development pie, and no one is in the lead. . . . [T]his makes it difficult to operate locally because I don't know who's calling the shots." In North Carolina, there was general agreement from both local and state officials that the real initiative for innovation is local. One state official noted, "I find that the locals figure out ways to do it. . . . [T]he locals are doing it, maybe because they have less resources or their communities are small. I think they're going to succeed in spite of the state." There was some sentiment that the state could be much more helpful. One local official commented, "the local partners call for state-level consolidation, but most of the innovative plans are coming from the local areas." Similarly, in Arizona, the state was viewed as a serious impediment to local innovation. As a local official noted,

We've taken the position that we ask for forgiveness, not permission. . . . We have all learned that if we ask for permission, it's going to take forever, and we can't wait. We used to ask the state, "Look at this and tell us what we can do." Now we say, "Let's look at it," and then *we* propose a solution. This is how we can do it without the regulation.

But under these conditions, local efforts can push the state itself. A local one-stop director mentioned,

The local government and their community-based organizations always had a better link with each other because they were directly dealing with a whole person. But the state has a different view. It fragmented things. One office just did food stamps, or they only just did unemployment. They didn't look at the whole person at all. They only looked at their federal program requirements. So what I see as the biggest advantage of coordination is getting the state to talk to itself.

In many of these ten states, one particular inconsistency in state policy causes near-universal resentment from the local level: requirements for local coordination, while policy encourages fragmentation at the state level. In one community in Iowa, for example, the efforts to create a one-stop center

with co-located services were being thwarted by state policy which gave some local programs autonomy and enabled them to avoid being co-located: "If their administrator doesn't want to move their folks into a building that can handle the whole thing, how do you get it done? And that needs to be done at the state level—you can't do that at the local level." In Maryland, the state-level planning team originally established to promote greater integration of local services within one-stop centers was disbanded. There is now no state effort "beating locals into one-stop formation," and local officials complained that this has prevented them from integrating at the local level. Similarly, an official with a local Workforce Quality Council (WQC) in Oregon complained that they had "very little authority at the local level—very little control over the JTPA dollars, very little control over the ABE dollars"—in contradiction to the mandate to coordinate locally. In many of these states, education programs, in particular, enjoy local autonomy, since they come from a history of local creation and control. In contrast, many job training and economic programs originated at the federal level, without a history of local control. Thus, local WDBs confront local colleges and adult education providers for whom independence and "local control" have long been articles of faith. The continued separation of education from job training that we explore further in Section VII comes at least in part from this disjunction.

A number of technical and bureaucratic details originating in state and federal policy also make local coordination more difficult. At one of the local boards in Texas, officials expressed frustration with the state's lack of clarity about governance models and with its failure to develop common intake forms and a common automation system. As one official noted, "It is frustrating to want to move ahead and have the infrastructure not be ready." The lack of common boundaries in regional units; the inconsistency in eligibility; different schedules, fiscal years, and accounting mechanisms; and different definitions of terms in separate reporting requirements—many of which are federal rather than state policies—are frequently cited complaints about state and federal policy, where states have been unwilling or unable to clear away these bureaucratic barriers to coordination. And unfunded mandates—an inconsistency between what a state requires and the funding it provides—always generate local resentment. For example, Iowa's requirement that job centers provide a list of specified services, and a presence in every county, has generated discussion about the merits of thinly spread services versus providing more concentrated services in population centers, since the state's requirements were not adequately funded.

The finding that some localities resist state efforts to impose greater uniformity and coordination, while others trying to move ahead resent that states have not done more to remove barriers to coordination, is hardly surprising. Obviously there is a continuum of local approaches, some ahead

of and some behind where a state wants to be. What seems to be happening, in the awkward and disjointed way typical of American federalism, is that the entire structure of local and state efforts seems to be lurching fitfully in the direction of greater coordination, pulled along by some localities who push their states, pulled along by some state and federal policies (especially one-stops), and dragged back by other policies and recalcitrant local communities. State policies contribute to this, by carrots and sticks. Even though some of these efforts are resented, they end up being adopted in some places, and championed by those who benefit in others. Local initiatives contribute to this process, too, as local communities try to stretch their own resources and rationalize services for their citizens and employers, and local initiatives then push the state to do more. One-stop centers are providing new forums for local discussion, and other new programs—STW and welfare reform are the most obvious examples—provide projects around which local programs communicate with one another. Data systems and performance targets help nudge the whole enterprise along, since they provide new information about what different localities and programs are doing. To be sure, some localities will always be ahead of others, and some will always resist change; it is always possible to undo changes, as Maryland and Michigan in particular have done, and to take different directions, as welfare "reform" has forced upon states. Overall, however, the direction of lurching is unmistakably toward greater coordination.

# The Complex Roles of Employers

Policymakers at all levels as well as researchers have debated the appropriate roles for employers in workforce education and training programs for decades. However, many think that employers should play a larger role—as in the German-speaking countries, with their dual system of training—and nearly three decades of government efforts have tried to expand the roles of employers. President Lyndon B. Johnson launched the National Alliance of Business/Job Opportunities in the Business Sector (NAB/JOBs) program in 1968, imploring employers around the nation to make pledges to hire the economically disadvantaged. In 1972, NAB's then-President, William Woodward, offered the following observation on the tenth anniversary of the Manpower Development and Training Act of 1962:

The role of private industry in manpower policy is only at its beginning. We have come far from the day when employers just put a sign at the hiring gate when they wanted workers and then complained about the educational system if the men and women were not already trained and ready to go to work. We have come far from the day when we wanted to stand as far away from possible from government and as far away as possible from social problems. We have learned that we can work effectively with government and with local education and with community groups; we have learned that we have a major role in manpower programs. We have learned that we have a responsibility to work together in solving these problems. (Wolfbein, 1973, p. 131)

In 1977, President Jimmy Carter lent his support to an initiative from Secretary of Labor Ray Marshall to establish advisory private industry councils (PICs) chaired and dominated by business leaders in local labor markets.<sup>25</sup> PICs, together with the chief elected officials in their geographic areas, ultimately took on oversight, planning, and administrative responsibility for local job training programs, even as many of them lost the participation of top-level business leaders.

The problems of youth and their often difficult transitions from school to successful careers led to the passage of the School-to-Work Opportunities

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<sup>25</sup> The PIC concept was developed by Stan Arabis, an executive on loan to the DOL from what was then Sun Oil Company, based on practices in Chicago. This was itself an interesting illustration of ways to involve employers in publicly funded workforce efforts.

Act of 1994, which has attempted to develop work-based learning opportunities to complement school-based programs. In addition, in 1997 President Bill Clinton resurrected the NAB/JOBS approach in order to get employers around the country to hire welfare recipients. All of these initiatives have paid much greater attention to developing opportunities for work-based learning, at the same time that there remains persistent concern that we have not yet fully "engaged" employers as much as we need to (King, McPherson, Long, & Norris, 1996; McPherson, Long, & Sim, 1997).

From our work in ten states, it is unclear whether real progress has been made in securing substantive involvement of employers in workforce development. Some states appear to have at least articulated more clearly the roles which employers *should* play in their workforce systems—even if, aside from an exemplary project here or there, few have made any headway in implementing these roles systemwide. For the most part, however, we have observed quite traditional roles carved out for employers in these states. This section briefly characterizes the potential employer roles which state workforce development systems have identified, and then provides examples of the actual roles they play in practice. It concludes with several issues related to engaging employers in workforce development.

### ***Possible Employer Roles***

There are many possible roles for employers in state workforce development systems. They can be simultaneous rather than mutually exclusive. Some of the more common employer roles include the following (King et al., 1996; McPherson et al., 1997; U.S. Department of Labor, 1996):

- *Policymaking and Governance:* An earlier and still common role for employers was participation in either shaping workforce policies or governing programs. This has ranged from serving on or chairing councils which were advisory in nature—like the early PICs and the Employment Service's local Employer Advisory Committees—to those that established workforce policy or that governed programs to some extent.
- *Identification of Training Occupations and Industries:* Employers have advised workforce programs concerning the occupations and industries which should serve as the basis for training. Since local program operators generally can forecast growth occupations and industries (and wage levels) from existing data sets (often from State Occupational Information Coordinating Committees [SOICC]), employers are often consulted about "emerging" occupations, ones which by definition cannot be projected from existing information. For example, even in the early-to-mid-1990s, few programs would have considered offering

training opportunities for "website developers" with their public training dollars; knowledgeable employers, however, might have identified such an occupation and advised local programs to begin pilot training efforts.

- *Identification of "Soft" Skills:* In addition to identifying growth occupations and "hard" or technical skills, employers have also played a major role in the 1990s in identifying so-called "soft" skills needed in the labor market. The most widely known of these was the Secretary's Commission on Achieving Necessary Skills (SCANS) (1991), though others have dealt with the issue recently as well (e.g., Holzer, 1996; Stasz et al., 1993). SCANS surveyed employers to determine what employers really wanted from workers on the job in a series of key occupations, and identified key skills such as thinking skills (including problem solving and creating thinking) and personal qualities (like integrity and responsibility) in addition to basic cognitive skills. This led workforce programs to focus their training efforts on such competencies, in addition to specific occupational skills. States and some local programs have attempted to validate these skills with their own employer surveys.
- *Curriculum Development:* Increasingly, acknowledging that employers know their own workforce needs better than outsiders ever can, some local programs have engaged them in developing training curricula. Such involvement can help to ensure that, once trained, a student or participant has a better chance of securing the job for which he or she has trained.
- *Standard Setting:* More recently, employers have begun to play a role in setting skill standards (or performance standards, incentives, and sanctions) for local or state workforce development. Both the National and State Skill Standards Boards created by the Goals 2000: Educate America Act of 1994 offer examples of this particular role. Without some independent "benchmark" of the labor market's expectations, especially of employers who ultimately control jobs, training efforts might well meet their program standards, yet still be producing students who cannot be hired (Barnow & King, 1996).
- *Employers-as-Contractors or Service Providers:* Employers are increasingly serving as training contractors and workforce service providers. This is not a new role, since Xerox, RCA, and other large companies have long served as Job Corps contractors, running residential training centers for severely disadvantaged youth. In addition, on-the-job training (OJT), customized training, and employer-based activities such as work experience and cooperative education all place employers in the role of trainers. Most states have established special training funds—typically financed with some combination of UI taxes and state general revenue—to support employer-based or other forms of customized training, often involving community and technical colleges. Moreover, many localities and states now are rapidly privatizing their workforce services, involving

firms such as Lockheed Martin, Maximus, and others directly in service provision.

- *Employment:* The final role listed here is the most obvious: Employers are the ultimate target of workforce development programs, since they employ their students. In some states, this role has been articulated clearly with employers considered the primary customer of workforce services. Others (King et al., 1996; McPherson et al., 1997) have suggested that employers might engage more fully in workforce development if they see their role as consumers of students from high-quality programs, including public schools, community and technical colleges, CBOs, and other training providers. Increasingly important worldwide, ISO 9000 requires producers, as well as their major suppliers of inputs, to ensure that their workforce is trained to certain standards in order for them to be certified as eligible to do business in and with European Union member nations (see Sheets, 1992).

In considering these potential roles, it is useful to distinguish between *involvement* versus true *engagement* of employers. Employer involvement is relatively easy to obtain, whether through some degree of participation in advisory committees, pledging to hire trainees, serving on a skill standards board, or other such activities. However, engagement tends to be substantive, all-encompassing, and ongoing (McPherson et al., 1997, p. 4ff). Engagement is usually based on economic need rather than social welfare concerns, and results only when employers perceive direct benefits from the relationship. For there to be real engagement, employers must play a large enough role to engender a sense of ownership.

### ***Varying State Policies and Practices***

In the relatively active states we examined, the rhetoric of engagement far exceeds the reality, and the states are all over the map in terms of actual participation. There is a relatively clear demarcation between those states that emphasize building the human capital of workers—especially Oregon—and those which cater more to employers' needs and might be described as truly "employer-driven"—for example, Florida, Michigan, and North Carolina. The rest of the states fall somewhere between these poles, either because the weight they place on workers' and employers' needs is more balanced or because their employer-driven rhetoric has yet to be realized in practice. The states we examined have pursued various workforce development roles for employers, including the ones discussed below.

### **Policymaking/Governance**

All these states are involving employers in shaping workforce policy, some more actively than others. They have established employer-chaired

and employer-dominated Human Resource Investment Councils (HRICs) which have varying degrees of authority over their state's workforce services.

Several states exhibit high degrees of employer orientation in shaping their workforce policies. Nearly all of Florida's programs reflect a strong market- and employer-driven flavor, despite the concern that employers are not always fully prepared for this role. Florida's Jobs and Education Partnership features employers as part of a broad partnership guiding economic (and workforce) development statewide; moreover, the new business-dominated WAGES Boards for welfare-to-work services have primary responsibility for training and employer incentives. As one analyst suggested,

For the first time, business and industry are not just being asked to sit in an "advisory" capacity, but they are being asked to become decisionmakers for the future of Florida's workforce. Many of the business representatives do not have experience with social welfare or education/training issues or entitlements.

Michigan now places primary emphasis on serving the needs of the employer community in nearly all program aspects. Moreover, economic development takes precedence over workforce development strategically. Michigan's policies reflect a dominant business/employer influence, featuring tax-free Renaissance Zones as well as significant stress on customized training via its Economic Development Job Training Programs and the Youth Registered Apprenticeship Tax Credit initiative. As one observer noted,

The state believed strongly . . . that helping employers meant helping workers as well. By attracting greater numbers of new businesses, and by preventing established ones from moving away, more jobs would be created, and the state's economy bolstered.

North Carolina's workforce efforts, based in its extensive system of community colleges, have long been solidly employer-oriented, dating from 1958's New and Expanding Industries Act which provided state support for economic development through services to business and industry.

In other cases, however, states have articulated a role for employers, but have been unable to implement their visions. Oregon, despite pursuing a student-focused approach for the most part, relies on employer-dominated advisory committees for shaping state workforce policy. As part of its Key Industries program, it also has created industry associations to provide feedback on employer needs. Oregon has had difficulty maintaining substantive involvement by employers on its local and state advisory

committees, however, in part due to the perception that they are largely "rubber stamps" for decisions made by program staff. One of the criticisms of Oklahoma's voluntary Workforce Quality Compact approach to workforce reform at the state level has been that employers have been totally excluded from the process, due to an expressed desire not to discourage them with government's slow pace.

Texas has clearly articulated the vision of a market- and employer-driven system. State legislation and subsequent policy documents characterize employers as one of the two primary customers, mandate their dominance in advisory and oversight committees, and require the provision of business services. Initially, Texas even turned to the private sector rather than government for executive leadership in the newly created Texas Workforce Commission (TWC), a choice which proved less than successful. Getting beyond the rhetoric to implement an employer-driven system and to provide an appropriate array of business services has proved difficult, however.

### **Identifying Market Needs**

Most of our states also rely on employers or employer associations to identify growing and emerging occupational and industrial needs. Some of the more remarkable systems are exemplified by Florida, Oregon, and Texas. As part of its High-Skills/High-Wages (HS/HW) initiative, Florida conducts an annual Occupational Forecast Conference to identify emerging high-wage, high-growth industries and occupations requiring less than a baccalaureate degree. The results of this conference, along with the Performance-Based Incentive Funding component of the HS/HW initiative, drive work-related education and training offerings throughout the state. In addition, Orlando's Valencia Community College also convenes an annual President's Luncheon comprised of the CEOs of leading area employers. These CEOs are asked to work with the community college in conducting an "environmental scan" to describe major three- to five-year trends, identify current and projected workforce needs, suggest how the college can work with employers to meet their education and training needs, and recommend ways for the community college to proceed.

The Oregon Legislature designated 14 Key Industries to serve as the basis for a six-year state economic development strategy. The state's Economic Development Department administers the program, with regions allowed to decide which of the 14 industries to emphasize. A number of industry associations—for example, the Semiconductor Workforce Consortium of Oregon and Southwest Washington, and similar ones in plastics, manufactured homes, and food processing—were formed in response to the 14 Key Industries initiative, to organize and communicate industry needs to workforce providers as they define the jobs, skill

competencies, skill requirements, and career ladders for potential employees.

Texas was one of the first states to move decisively in establishing a role for employers in this area. In the early to mid-1980s, the state crafted a State Labor Market Information Plan which called for the creation of a long list of Labor Market Information (LMI)-based tools for local program planners (and counselors) over a period of several years. This LMI Plan was carried out under the auspices of the Texas State Occupational Information Coordinating Committee (now part of the TWC). Over the years, information gathered from administrative data (e.g., the Occupational Employment Survey) as well as structured focus groups with employers have identified high-demand and emerging occupations which local programs must use as the basis for most of their training. Some areas of the state have been even more aggressive in using an enhanced version of these tools to determine what training to offer (King, Lawson, & Olson, 1995).

### **Curriculum Development**

In many of our states, employers are assisting with or directly designing training curricula. This is especially true in those states which have fostered customized training and similar approaches to workforce development. States with extensive customized training offerings include Florida's Quick Response Training, Iowa's bond-funded program offered through community colleges, Michigan's \$31 million Economic Development Job Training Programs, North Carolina with its heavy reliance on community colleges, and Texas through its Smart Jobs Fund for training grants direct to business. In many states, customized training tends to be geared towards more experienced, less disadvantaged workers, rather than the more disadvantaged ones. Some noteworthy examples include the following:

- Valencia Community College in Orlando's use of the DACUM process for course development and design relies heavily on employer input.
- Michigan's Trade Academies prepare eligible high school students for high-skill/high-wage jobs, integrating school with work-based learning designed by employers. Employers also finance a large portion of the operating costs for the state's academies.
- Wisconsin has a Work Opportunity Tax Credit for firms which hire or train eligible workers. Wisconsin's Regional Training Partnership—a Milwaukee-based consortium of 22 charter firms and unions from the metalworking, machinery, electronic controls, and related industries which largely operates outside the state's workforce system funded by member firms' dues and local grants—involves employers in every stage of the training process, including training design.

## **Standard Setting**

Curiously, few states have elaborated their emerging skill standards initiatives and the part employers might play in them. Wisconsin and Iowa have done so, while Texas and Oregon are also in the process of establishing explicit employer-based measures of performance, reflecting their view of employers as "customers" to be given some accountability responsibilities. Moreover, the states with the greatest employer orientation may well be responding to what they perceive to be employers' views of program mission, goals, and standards for performance. In many states, the heavy emphasis on "work first" and welfare reform has shaped the attitude toward less well-prepared students and participants.

## **Contractors/Service Provision**

Finally, many of our study states are turning to employers as training contractors, directly involving them in the provision of workforce services. This role is most evident in the provision of customized training, often for more experienced and incumbent workers. Such training is being financed both via states' regular work-related education and job training programs, but it is also increasingly financed by special dedicated training funds as in Texas (featuring the Smart Jobs, Skills Development, and Self-Sufficiency Funds), Michigan, and Wisconsin, among others.

In addition, the private sector (e.g., Lockheed Martin, Maximus, and others) is playing an increasing role in providing pre-training and other services, such as assessment, counseling, information and referral services, and job search assistance, often serving as one-stop or career center operators. Private firms have also become major players in welfare-to-work service delivery.

## ***Unresolved or Continuing Issues***

This appears to be a time of significant change in the roles various actors play in emerging workforce systems. This is particularly true for employers in an era which emphasizes work over training. At this point, there are a number of unresolved or continuing issues surrounding the roles of employers:

- With "work first" as a growing emphasis in some states, there remains a need to more directly address post-employment access to education and training opportunities. Few states have moved to do so, however; and many employers are reluctant to work with welfare populations.
- There is now a wide gap in access to work-related education and training once workers are on the job. Workers higher up the occupational pecking order tend to have greater access to employer-financed training (Bassi,

1997; Cappelli, 1995; Carnevale & Goldstein, 1990). This gap may even be widening, and it exacerbates inequalities in earnings.

- Finding the right blend of economic and workforce development policy has been difficult. Many states have not integrated their economic development efforts with workforce development. Their incentives (such as tax incentives) to lure employers into the state are often ineffective, and the subsidized training they provide employers as incentives often simply substitutes public funding for employer training (NCRVE and the Center for Labor Research and Education, 1994). These policies may be politically popular, particularly in an era when states are trying hard to meet the needs of employers, but they are often ill-considered.

The rhetoric of employer engagement still exceeds the reality in nearly all of our study states, and criticisms about weak linkages to employers made in the late 1990s are virtually the same ones made more than three decades ago. This raises the question of whether states really want substantial employer engagement in their workforce systems and whether employers are willing to participate—or whether, instead, they are simply having a hard time working out the best mechanisms for accomplishing such participation.

# The Role of Welfare “Reform” and “Work First”

Welfare reform, both at the state and national levels, is having a substantial effect on states’ efforts to reform their education and training systems. This is not really surprising, since the question of how to deal with welfare and disadvantaged populations within existing education and training efforts has been a vexing one since at least the mid-1960s. Even so, the degree to which it is affecting more systemic workforce reforms in these states is both remarkable and disturbing.

In part, these developments reflect bad timing. Just when states had become serious about the need for thoughtful, comprehensive changes in their workforce development systems—whether in response to economic distress or as the culmination of deliberations about ways to streamline and make them more efficient—along came the most massive restructuring of the state and national welfare systems since they were first created in the mid-to-late 1930s. Moreover, this round of welfare changes has been driven far more by ideology and single-minded visions of what reform should be, in sharp contrast to the bipartisan Family Support Act of 1988 and its Job Opportunities and Basic Skills (JOBS) training program, the product of broad-based analysis and careful evaluations.

As welfare reform came along, economic conditions made it appear that employment and “work first” could succeed. Between 1990 and 1997, more than 13 million jobs were created by the U.S. economy, pushing the civilian unemployment rate down to the 4.5 to 5% range last seen almost three decades ago. Unfortunately, many of these jobs are in the low-paid service sector, with few opportunities for advancement; and large numbers of these jobs may be the result of splitting existing full-time jobs, especially in services, into two or more part-time remnants (Thurow, 1997). Still, states whose economies are booming and whose labor markets have been tight for several years are convinced that “anyone who wants a job can find one.”

For welfare recipients, these developments have translated into a single-minded rush to implementing “work first” strategies, along with time limits, as the centerpiece of welfare reform—treating welfare recipients in ways substantially different from other students and clients.<sup>26</sup> In many states—

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<sup>26</sup> It is worth noting that we have always treated welfare recipients differently. It has generally been acceptable, if not standard practice, to “regulate the poor” in most aspects of their behavior (see Piven & Cloward, 1971), when such restrictive

though not all—the obsession with “work first” has carried over into and even begun to dominate broader workforce development reforms. The central theme of this section, therefore, is the emergence and implementation of “work first” strategies as states move into welfare reform, and how this is affecting their broader attempts to reform their workforce development systems. First, we clarify what we mean by “work first.” Then, we characterize where the states we have examined are in their implementation of “work first” and related welfare reform initiatives. We go on to explore a number of key welfare and workforce development issues, after which we offer several conclusions.

### **“Work First” Clarified**

“Work first” clearly means different things in different states, and there is no one standard model or approach. However, there is at least a common philosophy undergirding all of the approaches now parading under the “work first” banner, which is that “any job is a good job and the best way to succeed in the labor market is to join it, developing work habits and skills on the job rather than in a classroom” (Brown, 1997, p. 2; Weissman, 1997).

Typical features of “work first” programs include the following:

- They seek to move individuals from welfare into unsubsidized work as soon as possible.
- Job search tends to be a central activity, though many are quick to point out that “‘work first’ is more than just job search” (Brown, 1997, p. 2). Job search ensures that the labor market, rather than a host of program counselors or other staff, is the mechanism for testing an individual’s employability.
- For those not found to be immediately employable in the market, “work first” models may provide *subsequent activities* to address barriers to employment such as education, training, work experience, and others. These activities tend to be closely monitored and may be combined with or followed by job search.
- A fairly common “work first” participant flow (see Box V.1) has individuals proceeding from job search to orientation and assessment; followed by job club; another more in-depth assessment; and finally some combination of added job search and short-run education, training, or work experience (or subsidized work). Individuals may leave for

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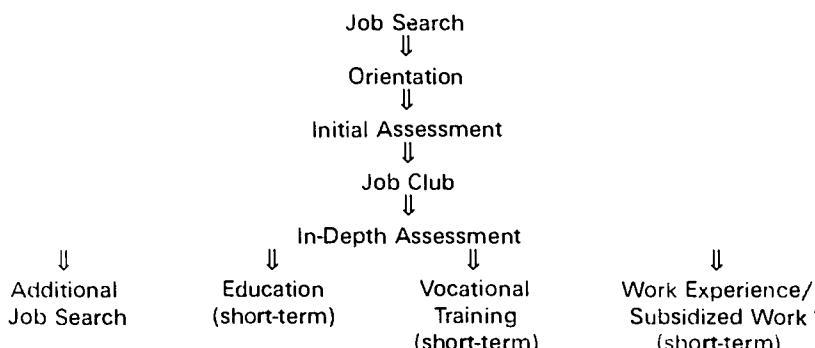
approaches would be rejected for most others. In fact, efforts for welfare recipients have never really been part of the broader mainstream workforce development system in most states.

employment at any step along the way, and are certainly expected and encouraged to do so.

Some examples of "work first" programs include the following (Brown, 1997, pp. 2-3):

- "Labor force attachment" sites in the ongoing JOBS evaluation (those in Riverside, California; Atlanta, Georgia; and Grand Rapids, Michigan), in which group job search is the first activity for most participants, followed typically by short-term education and training and subsequent job search for those remaining unemployed.
- Florida's Project Independence, in which those identified as job ready via their education and work experience (most of the recipients) performed self-directed job search, then job club and another search, generally followed by some education or training for those still unemployed. Those not job ready were instead assigned to education or training as their first activity.
- San Diego's Saturation Work Initiative Model (SWIM), in which most participants were first assigned to two weeks of a job search workshop; followed by (if still unemployed) three months of unpaid work experience concurrent with job club; and, ultimately, education and training.

**Box V.1 Common "Work First" Program Participant Flow**



**Source:** Brown (1997). Figure 1, p. 13

- Arkansas' WORK Program, in which all participants were assigned to job club followed by up to three months of individual (self-directed) job search, then (if still unemployed) unpaid work experience.

"Work first" often is implemented with a variety of "diversion" initiatives which seek to keep families from going on welfare. For example, Florida, Texas, and several other states have recently linked the two in an approach some have termed "diversion squared." In these states, families that apply to their human services agency for public assistance are first diverted to a resource room to seek assistance such as shelter, food, or even employment from nongovernmental sources, before their applications will be accepted. If unsuccessful in their efforts and still in need, they can return to the agency to pursue applying for aid. Then, once their application is accepted, it may be "pended" while the potential aid recipient is sent to the workforce agency for orientation and job search assistance. Often this takes the form of self-directed job search. Once the individual can show evidence of a *bona fide* effort to find work, his or her application for aid is finally processed. This diversion process may take weeks or even a month. While it is taking place, the potential welfare applicant is diverted both from public aid as well as to more intensive workforce development services.

### ***State Approaches to "Work First"***

Even though there are some consistencies underlying "work first," such programs exhibit large variation in terms of the services they provide, the sequencing of those services, the extent to which participation in those services is required (and enforced), and their specific goals and approach to meeting them (Brown, 1997). In the states examined in our study, there is a continuum of approaches to serving welfare recipients. On one end of this continuum are states that, despite considerable pressure to join the in-crowd by jumping onto the "work first" bandwagon, are holding to a human capital approach and attempting to maintain more holistic systems for workforce development. Of the states we studied, Iowa and Oregon are representatives of the human capital end of the continuum. Oregon espouses a "blended" approach, favoring elements of "work first," but with considerable stress on preparation for work that pays a living wage for all residents. Oregon policymakers have not bought into the notion that "any-job's-a-good-job," but, rather, they emphasize the kinds of competencies defined by *America's Choice: High Skills or Low Wages!*, the 1990 report of the Commission on the Skills of the American Workforce. At the local level, a number of administrators were glad that welfare is moving from a system that simply determines eligibility for benefits to one that encourages (or pushes) recipients to attain self-sufficiency. Their main concern has been to ensure that there is a continuum of further education and training. As one staff member said, she "still saw a lot of people getting stuck in the welfare system, in the ABE classroom, in a first job that was not going to lead them to self-sufficiency"; and the one-stop center planning committee "really saw a need for that continuum of services to help them move along." So

pressure from welfare reform is beneficial but not sufficient; it also requires an array of education and training.

At the other end of the continuum are the overwhelming majority of states which have fully embraced "work first" as the only vehicle for welfare reform. These states might further be divided into those which have let "work first" and welfare changes subsume their broader systems for workforce development, including Texas and Wisconsin; and those which have isolated it and maintained the rest of their workforce system intact, including Florida, Massachusetts, Michigan, and North Carolina.

### ***Effects on Workforce Development Programs***

The efforts of states to implement welfare reform have had several effects on broader efforts to reform workforce development. Examples of these effects are described below.

#### **Undermining the High-Skills/High-Wages Agenda**

For most participants who have skill deficiencies, state workforce systems seek to enhance their skills and to assist them in finding suitable employment which will offer opportunities for career advancement and increased earnings. In contrast, for welfare recipients the message is that they should be seeking a job, "any job." In Massachusetts, one local provider said,

Job training doesn't figure in current Massachusetts thinking. This is especially true regarding welfare. I've heard both [the] governor and the lieutenant governor say, "Allowing job training [to substitute for required work experience] would gut the system." The welfare agency has no interest in anything beside getting people off the welfare rolls.

Similarly, a state official complained,

Welfare reform in Massachusetts came one year before the federal legislation, at a time when job training funds had shrunk to a ridiculously low level. It overwhelmed us. [State welfare officials] have said that no longer-term training will be available for recipients, and almost no education. Post-employment services aren't even on their radar screen.

North Carolina may be a partial exception, providing ladders from its second-chance systems into occupational skills training in its respected system of community and technical colleges. However, even here, "work first" was cited as presenting an important barrier to integrating

welfare-to-work efforts into the broader push for workforce reform. Skills development, career advancement, and increased earnings are to be found almost exclusively on the job, not through public programs offered by community organizations or community and/or technical colleges.

In addition, as Bloom (1997) and others have pointed out, the various welfare-to-work strategies yield widely differing results. "Work first" generally has been found to offer some temporary benefits for society and to provide net benefits for taxpayers by reducing welfare caseloads quickly. Yet, over the longer-term, there appear to be few if any lasting benefits for individuals; any earning gains from the initial increase in employment tend to be offset by declines in income from welfare benefits.

A recent Economic Policy Institute study has estimated that the implementation of federal time limits on welfare may lead to a 10-12% decline in real wages, due for the most part to large numbers of poorly prepared, low-skilled women being forced into the labor market. This finding is echoed in a number of state research reports as well. Lawson and King (1997) found that implementation of Texas' time limits could lead to considerable downward pressure on wages, especially along the border and, without significant efforts to build the skills of the women affected, would consign them to lowly paid work, mostly part-time/part-year jobs, in sales and service occupations, many of which provided few employee benefits. To the extent that state "work first" programs are focused on immediate employment in "any job" and those jobs fail to offer such workers access to further education and training (Carnevale & Goldstein, 1990), we will have done little to foster a HS/HW agenda.

### **Replacing Universal with Fragmented Approaches**

A characteristic of the most recent wave of many workforce reforms is that they develop more universal systems serving the entire range of populations, from dislocated aerospace, banking, and defense industry employees to youth, ex-offenders, and welfare recipients. But welfare reform strategies of the mid-1990s conflict sharply with these universalist approaches, instead creating fragmented programs. By developing "work first" approaches for welfare recipients only, they create conflicting goals and send contradictory messages to major actors in the system. They also create what is in effect a caste system for participants. Incumbent workers, the system's "Brahmins," have access to high-quality training provided on-site or at community colleges or universities; this training may be funded by their employers or one of the customized training funds financed by UI payroll taxes or general revenue. Dislocated workers may be offered similar services. Economically disadvantaged participants who are not on welfare are typically assessed to determine skill needs, aptitudes, and interests; they are typically offered access to short-term training in the usual "second-chance" system. Welfare recipients, the "untouchables" who have some of

the lowest academic and occupational skills and the least work experience, are offered the least intensive services and sent off into the low-skilled, low-wage labor market. In addition, this approach attaches an even greater stigma to recipients of public assistance. Serving welfare recipients in such a noticeably different manner may also have the effect of harming those individuals the systems are attempting to help (Burtless, 1985).

### Hijacking Workforce Reform

In several of the states we studied, most notably Texas, Michigan, and Wisconsin, welfare reforms have gained such momentum that they affected broader workforce reforms. This phenomenon is reflected in several ways. First, state policymakers have devoted an inordinate amount of their time and resources to the workforce implications of welfare reform—despite the fact that public assistance represents a strikingly small share of state revenues (often less than 1%<sup>27</sup>), that caseloads have been falling in virtually all states since 1994, and that welfare recipients comprise only a small share of those needing education and training. As a state official in North Carolina mentioned,

Welfare reform is competing with education for time and energy and a place at the table and on the agenda. Everybody is just running around like Chicken Little about the sky falling in with this new welfare reform initiative that just got passed.

In addition, states have often acted as if welfare reforms should drive other programs. For example, Texas developed planning guidelines for local workforce boards that began with the following sentences (TWC, 1996):

The thrust of state welfare reform is a “work first” approach to assisting people in moving from dependence on welfare programs to economic independence through employment. . . . The Texas Workforce Commission was created to implement legislative changes in the way welfare and employment programs are delivered in support of the “work first” approach.

These guidelines encompassed nearly *all* workforce services ranging from JTPA programs for disadvantaged adults and dislocated workers to Food Stamp Employment and Training, as well as JOBS for welfare recipients. In addition, the first goal for the workforce system as a whole was the following: “Increase the percentage of Texans who become and remain independent of public financial assistance” (TWC, 1996, p. 6).

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<sup>27</sup> Texas has gone so far as to put a 1% limit on welfare spending in its constitution.

Similarly, Wisconsin has made its highly touted Jobs Centers the heart of its W2 (Wisconsin Works!) program. Where once they served as the gateway to a broad array of services for many diverse population groups, they are fast becoming welfare/workforce service centers. Other groups are going to be more likely to turn to their community or technical college for assistance rather than a local Jobs Center. Only the Regional Training Centers and employer-supported incumbent worker training appear to have relative immunity from W2 in Wisconsin.

The implementation of the new federal Welfare-to-Work (WtW) Grant program, providing additional federal funds for welfare-related training, will only exacerbate this phenomenon. In many states, funds for WtW, TANF (Temporary Assistance to Needy Families), and FSE&T (Food Stamp Employment and Training) will account for the largest single share of their workforce development funding; in Massachusetts, for example, fully 40% of Regional Employment Board (REB) funds derive from the state's welfare agency. As Pressman and Wildavsky (1973) and others have noted, policymakers' attention tends to be drawn to those areas with the greatest growth in funding or which are perceived in some way to be "hot" policy areas.

### **Alienating Employers**

One goal of states' workforce development reforms has been to better serve employers as one of the system's primary customers. Historically, state workforce programs, most especially the much-maligned Employment Service (ES), have been criticized for doing a poor job of matching workers and employers. One result has been that ES has lacked credibility with employers and has tended to serve disproportionately the lower reaches of the labor market. While government contractors and other employer groups may have been required to list their openings with them, ES has generally not penetrated the ranks of managerial, administrative, professional, and other high-paying jobs very well.

As the emerging workforce development systems attempt to address this issue and more fully engage employers at all levels in the labor market (see Section IV), they have worked hard to build their credibility by assessing participants, providing them with improved services, seeking to train only for occupations in demand, and even "guaranteeing" their trainees. But with the onset of welfare reform, workforce systems are finding themselves in the uncomfortable position of referring large numbers of inadequately assessed, poorly trained, and inexperienced workers to employers for any job that they might have open. This has the effect of alienating the very employers whose support they need. The following statement, from a manager of a Dallas Career Center, indicates the problems of alienating employers through "work first":

I don't think that [it] is doing a service to the employer or the individual. . . . I would lose the employers who are the customers of the center, and I can't afford to lose them. The board will fire Lockheed Martin if we're just throwing bodies at employers.

This approach thus undermines state efforts to serve employers more effectively than in the past. It also jeopardizes employers' faith in the other trainees in the system.

### **Local/State Tensions**

To the extent that states' welfare reform strategies reflect coercive, top-down policies, they are also in direct conflict with the broader workforce reforms which encourage greater local discretion in nearly all aspects of workforce development policy. Local workforce boards and PICs are increasingly resisting state efforts to circumscribe their discretion. Examples of such resistance can be seen in Dallas, where the local WDB has delayed shouldering full responsibilities for welfare recipients because of the divergence between their preferred practices and the treatment prescribed for this population. The potential liability incurred for failure to meet work participation requirements under federal welfare reform is also a deterrent. Similarly in Massachusetts, local REB center staff expressed concerns that devoting such large shares of their time and effort to welfare reform and "work first" contradicted their customer-driven mandate, causing them to neglect their customers who wanted services in favor of welfare recipients who did not want to be there. "Work first" has also alienated numerous CBOs, which had been their partners.

Local boards in Michigan also expressed similar sentiments, complaining that they "lacked autonomy" to design appropriate service strategies for welfare recipients. Boards found themselves operating market-driven, economic development type programs for most populations they served, while responding largely to top-down political pressures for welfare initiatives. A local official noted about the state's "work first" program, "Obviously this is an instance where the local WDBs are not having much autonomy."

In summary, the effects of welfare reform and "work first" on state efforts to reform workforce development systems have been largely negative. To be sure, some have welcomed the switch from welfare agencies as places checking eligibility for entitlements to programs that encourage or pressure welfare recipients to become self-sufficient. In addition, some states have experimented with new efforts to train welfare recipients in relatively short periods of time. On the whole, however, state reforms have been distracted and undermined—"hijacked"—by "work first." Welfare reforms create conflicts in goals and objectives, adverse effects on state efforts to create a customer-driven focus, greater stigma for welfare clients, increased

employer alienation, and enhanced local/state tensions. The tendency to treat welfare recipients as the "undeserving poor" creates an increasingly fragmented, rather than more holistic, workforce system.

Furthermore, these enormous costs to workforce development will come without creating any substantial benefits to welfare recipients themselves. The latest research shows that participation in "work first" programs benefits taxpayers more than participants, for whom it generally yields significant impacts on employment only in the short run (Bloom, 1997; Friedlander, Greenberg, & Robins, 1997). Over the longer run, "work first" offers little hope of improving participants' employability and earnings or of contributing to states' economic progress.

Finally, the prospects for the future are discouraging. The current period in which "work first" has been implemented has been a time of economic growth and low unemployment, but no one believes that business cycles have come to an end. If as a nation we fail to improve the academic and occupational competencies of welfare recipients now—during a period when the economy is robust, state and federal treasuries are relatively full, and time limits have yet to expire for most welfare recipients—the problems of doing so will be even more difficult later on when the economy takes a serious downturn. In every dimension, welfare "reform" is short-sighted.

## SECTION 6

# What Is the Meaning of System-Building? Linkages and Quality

As we pointed out in the introduction, states mean different things when they talk about reforming their workforce development systems. In some states, the consolidation of programs in a single agency, or the creation of a super-agency with some authority over a variety of programs, constitutes reform, despite the fact that consolidation by itself may not lead to different decisions about services delivered. Some states are concentrating on building the institutional infrastructure for a system, particularly through one-stop centers. In other states, reform means incorporating more market-like mechanisms, particularly competition among potential providers. Other states are trying to develop data and accountability mechanisms to drive improvement in a top-down way. And in still other cases—Oregon and Oklahoma are the obvious examples—reform means cultural changes in the ways that local and state administrators view their work. Rather than focusing on individual programmatic requirements, administrators are encouraged to work with other programs to achieve the larger goals of workforce and economic development.

Because of this variety, it is worth clarifying what it might mean to create a coherent system of workforce development programs, drawing on our experiences with ten states and twenty localities. We first examine what the linkages among programs might be, developing a rough hierarchy ranging from minimal interaction among programs to fully integrated service delivery. We then examine conceptions about the quality of individual programs, for the simple reason that a coherent system of low-quality programs—in which, for example, the linkages among programs are clear to all participants, information about the options is readily available, and joint planning has eliminated all duplication, but in which each program provides low-quality services—is not necessarily an improvement. Thus, system-building may be necessary but not sufficient for effective workforce development.

### *The Variety of Linkages: A Hierarchy of Coordination*

In examining what states are currently doing, we can discern a hierarchy of efforts to link programs. The least substantial of these, particularly the information-sharing mechanisms, have been required by federal legislation

at least since 1984.<sup>28</sup> The more substantial of these coordination efforts, including integrated service delivery, occur only under rare circumstances, particularly when a community college dominates all services in an area. However, states are starting to think of a greater variety of coordination mechanisms, and some of these are slowly working their way up this hierarchy. The coordination activities that follow can be ranked roughly from less substantial to more substantial (summarized in Box VI.1).

#### **Box VI.1 A Hierarchy of Coordination**

##### **Information Sharing**

1. Sign-off provisions
2. Cross-membership on boards and councils
3. Other information-sharing mechanisms, from informal to more formalized
4. Information-sharing about specific clients

##### **Referrals Among Agencies**

5. General referrals to other programs
6. Subcontracts with other agencies
7. Creating feeder systems and articulation agreements

##### **Joint Service Delivery**

8. A division of labor
9. Co-delivery or integrated service delivery
10. Consolidated service delivery

#### **Information Sharing**

1. *Sign-off provisions* require one program to assure that they have seen the plans of another program. These constitute perhaps the simplest and most bureaucratic form of information-sharing. Such plans are often compliance-oriented documents assuring federal agencies that the letter of the law has been met, and providing little information about which specific services are being delivered or what substantive decisions have been made.
2. *Cross-membership on boards and councils* means that board members for one program also sit on the boards of others: This is a mechanism of information sharing, of course, with the added benefit that individuals have some power to make decisions about other programs. For example, to create linkages among programs, Oregon requires that Regional Workforce Quality Councils (RWQCs) include representatives of welfare, JTPA, the Employment Department, Economic Development Department, community colleges, K-12 districts, and the Community

<sup>28</sup> The Perkins Act of 1984 provided federal funding for vocational education and required notification to JTPA programs.

Action Agency. In some cases, the overlapping membership has led to the consolidation of certain boards. In the mid-Willamette region, leaders began to see that the responsibilities of the PIC and the RWQC were substantially similar; both were dissolved, therefore, and replaced by the Enterprise for Employment and Education, which now carries out the responsibilities of both.

3. *Other information-sharing mechanisms* range from informal to more formalized. For example, in Greensboro, North Carolina, the directors of the Employment Security Commission and the Department of Social Services regularly get together for coffee. While this is informal and non-institutionalized, they credit this mechanism with keeping them abreast of pending legislation and policy changes, and allowing them to discuss the options available to each agency. Many local agencies cite informal mechanisms, and specifically the good personal relationships among program staff, with facilitating coordination. A more formalized procedure in North Carolina is one in which the state Department of Social Services designates an individual to learn about community college programs; this individual, then, not only becomes expert about complementary programs but also becomes the "point person" for initiatives, complaints, and other contact from community colleges. One community college began formally designating individuals responsible for liaisons with other programs, with one working with the local STW initiative, another connected to local job training efforts, and a third responsible for knowing every program in the college and serving as a one-stop information center for other programs.
4. *Information-sharing about specific clients* occurs rarely, though in Greensboro, North Carolina, JTPA and the Department of Social Services have joint caseworkers, one from each agency, for every client. In theory, this practice allows them to identify the appropriate array of services from the two programs. This approach moves beyond simple information-sharing toward joint service provision (see #8 on next page).

### Referrals Among Agencies

5. *General referrals to other programs* occur when a program refers all individuals of a particular kind to another agency. For example, some JTPA programs refer individuals who fail a basic skills test to adult education; in the past, some community colleges have sent their lowest-performing students to volunteer literacy programs or adult education. Usually, such general referrals do not consider the characteristics of the receiving programs and may, therefore, refer individuals to low-quality programs.
6. *Subcontracts with other agencies* arise when one agency subcontracts with another to provide some or all of its services. In the past, welfare-to-work

programs have often subcontracted with adult education providers and community colleges for assessment, remedial education, and vocational skills training (though these arrangements are dwindling under "work first"). Similarly, JTPA programs have often subcontracted with community colleges for vocational education. Whether such subcontracts help create a more coherent system facilitating transfer among programs, or merely serve as sources of lower-cost services,<sup>29</sup> is not always clear.

7. *Creating feeder systems and articulation agreements* within the education and training "system" is intended to provide smooth sequences or "ladders" of programs. For example, in some areas of North Carolina, every client who completes a pre-employment workshop with TANF is then referred to JTPA for job assessment and possible referral to an appropriate training program. In Iowa, the location of JTPA agencies within community colleges facilitates such feeder systems, though there is little evidence about how common this practice is.<sup>30</sup> The articulation agreements that community colleges have with four-year colleges, and that high schools have with community colleges in Tech Prep, are more familiar versions of such feeder systems.

### **Joint Service Delivery**

8. *A division of labor* arises when programs agree, through a joint planning process, to divide up services according to the expertise of different programs. For example, in Greensboro, North Carolina, providers agreed that JTPA would do assessment; Social Services would provide supplemental services, like child care and transportation; the community colleges would provide both remedial and vocational skills training; and the local employment service office would provide placement services. This division of labor draws on the varied strengths of different programs. It also helps ensure that individuals can find the full array of services they need—rather than, for example, JTPA clients having no access to vocational skills training (or to restricted options), or community college students having neither supportive services nor placement efforts.
9. *Co-delivery or integrated service delivery* occurs when intake workers from any program see any individual who walks in, and can provide each

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<sup>29</sup> In earlier work, NCRVE determined that many such contracts were fiscally motivated, particularly because community colleges could often collect state ADA payments for JTPA clients and thus charge JTPA less than CBOs could. See Grubb et al. (1990a); Grubb and McDonnell (1996); Gula and King (1990).

<sup>30</sup> It proves virtually impossible to get information about the rate of movement from one program to another—for example, from a JTPA program within a community college into an Associate degree program.

the full array of services. In a one-stop center in Tempe, Arizona, individuals entering the center (called "guests," not clients) can choose among self-service, using the computer lab for information; group services, in which classes in job searching are offered; and case management, for which an individual must meet eligibility criteria. However, most individuals talk with a Personal Services Representative to determine eligibility and get answers to questions about benefits. In contrast to many other one-stop centers, this mechanism relies not only on information to prospective clients and referral to the appropriate agency, but instead eliminates this potential hurdle by providing personal consultation and enrolling an individual in appropriate programs and services on the spot. Similarly, Iowa is far along in the development of an Integrated Customer Service System (ICS) and is piloting this system in its Cedar Rapids Workforce Development Center. Of course, integrated service delivery is the most complex form of coordination since it requires that all intake workers be crosstrained about all other programs, and it requires a management information system that can track individuals through multiple programs.

10. *Consolidated service delivery* takes integrated service delivery one step further by merging one program into another. Most examples of consolidated service delivery we have seen occur when community colleges take over the provision of virtually all services, and particular forms of education are available to a variety of individuals with different needs.<sup>31</sup> For example, remedial classes are open to welfare recipients and employees as well as a college's entering students, and a variety of short-term and longer-term vocational programs serve the needs of those seeking upgrade training and retraining as well as pre-employment preparation. We note that in some cases where consolidation seems to have taken place within community colleges, separate programs are provided by different divisions of the college with little connection among them and, therefore, co-location rather than real consolidation best describes these practices. In addition, consolidation at the state level, where separate programs are administered within one agency rather than scattered among many independent agencies, is not the same as consolidated service delivery, which must take place at the local level. The former could lead to the latter, though it does not generally do so.

Several mechanisms can move programs to these different stages of coordination. Joint planning can lead to any of them, though it is not necessarily sufficient to do so. The co-location of programs in one-stop

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<sup>31</sup> A partial exception occurs in Coos Bay, Oregon, where Newmark College houses various services, though a consortium of programs administers them.

centers can also lead to many of them, though so far officials report that co-location has been used primarily to provide more extensive information to *clients* rather than to promote coordination among *programs*. Consolidation of programs within single agencies might be intended to lead to different forms of coordination, but—as the Texas Workforce Commission (TWC) illustrates with its internal divisions and incomplete collection of programs—in practice it has not. Joint planning, co-location, sign-off requirements, cross-membership, and state agency consolidation are, therefore, means to other ends, not necessarily ends in themselves.

If integrated service delivery is the most complex kind of coordination, and information sharing the least substantial, then most states are still at the first stage. Many one-stops have confined themselves to information sharing (though a number of them have plans to move beyond this stage). The voluntary efforts in Oklahoma, the activities of the TWC, and the focus on establishing computer-based information systems in Maryland have not yet moved to encourage referrals on a broad scale among programs at the local level, or to joint service delivery. To be sure, several of the states we examined are trying to create a culture and political climate in which future efforts can be more substantial, including Oklahoma with its initial voluntary effort and Oregon with its emphasis on peer leadership and example rather than coercion. Similarly, Iowa seems to have made only slow progress toward coordination, though it has been steady throughout the terms of Governor Terry Branstad, who has been dedicated to a comprehensive workforce development system. At this stage of states' development, therefore, it is not necessarily discouraging to find how far up this hierarchy of coordination states have to go, since the process has barely begun for most states. It is discouraging only when states seem to backslide, as they do when state leadership takes a different tack (as happened in Maryland, Massachusetts, Michigan, and Wisconsin) or when they appear to be reforming without any clear vision of the next steps.

One vision of system-building—one that we can discern in bits and pieces across the country—is movement up this hierarchy of coordination. But it should be no surprise that, in this large and contrary land, there are many state (and local) officials who deny that such a vision is the right way to go. A number of individuals expressed discomfort with the whole notion of coordination and system-building, sometimes because its benefits have not been proven. In still other cases—and Oklahoma with its voluntary efforts and Oregon with its noncoercive policies are good examples—state agencies may recognize the benefits but assert that coordination is not always worth the political struggle it may require. Consolidation and the inherent problems of overcoming turf also have the tendency (evident particularly in Michigan and Texas) to drive away talented administrators from agencies that are subject to consolidation. This is particularly costly when such individuals are replaced by uninformed and inexperienced staff. In Texas,

for example, a great deal of institutional memory has been lost through this process. And certainly in the forty states that we did not examine, this sentiment is prevalent, since by design these are states that have done much less to begin reforming their workforce development "systems."

It is difficult to respond directly to these criticisms of coordination. The efforts at coordination and system-building are too new and incomplete to have been evaluated in any sense, and it is hard to know how to evaluate a complete system change.<sup>32</sup> Of course, system-building requires some political battles, with losers as well as winners. Some reform efforts have taken a great deal of time to pass through political opposition, only to do very little at the local level. Because of this, the results often do not seem to be worth the battle. Even so, many states are starting the process of reform, and have at least implicitly accepted the *a priori* argument in favor of system-building.

### ***The Components of the System: The Quality of Individual Programs***

If system-building concentrates on creating *linkages* among programs—linkages of planning, of information, of referrals, or of service delivery—then a different kind of activity emphasizes the *quality* of individual programs. In states where particular institutions are highly regarded, there is a much greater tendency for other programs to use them. For example, community colleges in Oregon and North Carolina have strong reputations in those states, and, as a result, they have been central to both economic development and welfare reform. Similarly, adult education in Oregon appears to provide innovative programs, and has been integrated into other workforce development efforts, where elsewhere the poor quality and low profile of adult education has caused it to be nearly invisible to other programs. If individual programs are of low quality, then there is little point in linking them. For example, a welfare administrator in San Francisco stated that welfare recipients "fall into the black hole of ABE" because the instruction was so poor, progress so slow, and dropout rates so high that welfare clients rarely returned with sufficient preparation to move on to vocational skills training.<sup>33</sup> Linking programs is, then, one purpose of system-building, but improving the quality of individual programs is also necessary.<sup>34</sup>

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<sup>32</sup> On the difficulties of evaluating the effectiveness of systems, see Grubb and McDonnell (1996).

<sup>33</sup> This example comes from earlier NCRVE research (see Grubb & McDonnell, 1996).

<sup>34</sup> Again, earlier NCRVE research confirmed that one of the common barriers to coordination at the local level was distrust of the services provided in other programs.

Of the ten states we examined, most have decided to improve quality through a system of performance measures, drawing to some extent on the experience of JTPA. Florida is the best example, with its array of outcome measures (see Box I.3). Oregon's Benchmarks represent another example, and Table 1 displays the data systems other states are developing. All these cases require programs to collect new data, on outcomes rather than inputs. Common measures include completion rates, short-term placement rates, and earnings levels. While the shift to performance-based funding has taken place only in Florida (and is just starting even there), there are many ways to use such information to cajole, coerce, or humiliate local programs into improving their performance.

The JTPA system, which has included performance measures and standards since the early 1980s, provides many warnings about the use of performance measures to enhance quality, including the following: (1) conventional measures of performance—for example, placement rates of individuals completing a program—are not necessarily good measures of effectiveness, which is better measured by the *improvement* in employment for an individual compared to what he or she would have done in the absence of a program. The random-assignment evaluation of JTPA—one of the most sophisticated evaluations of any training program—measured the effects of participating in the program compared to a precisely equivalent group that had not gone through training. However, these measures of effectiveness proved to be completely uncorrelated with conventional performance measures (Barnow, 1997; Doolittle et al., 1993, p. 10); (2) performance measures often create incentives to "cream"—to select the most able individuals—rather than to improve the quality of programs. Such efforts are difficult to detect except in sophisticated evaluations<sup>35</sup>; (3) conventional performance measures are unable to measure displacement, or the extent to which finding jobs for program completers simply displaces other nontrainees who would have otherwise gotten these jobs. Displacement is particularly likely in markets for less skilled labor with substantial unemployment (Johnson, 1979; Solow, 1990); and in British studies, the extent of displacement has been measured at up to 80% (Begg, Blake, & Deakin, 1991; Deakin & Pratten, 1987; also cited in Grubb & Ryan, 1999, forthcoming); (4) many programs have found ways to manipulate the data necessary for performance measures, though these are not widely

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<sup>35</sup> The performance measures in JTPA have affected local agencies in several different ways. In Dickinson et al. (1988), about one third of SDAs appeared to be quite client-focused, and did not let performance measures cause any distortions in their operations; but about one third were standards-driven and let performance measures drive them toward low-cost programs and creaming. The remaining third of SDAs were basically clueless and were, therefore, unaffected by performance measures.

**Table 1**  
**The Structure of State Efforts**

	<b>Florida</b>	<b>Iowa</b>
State agency	Enterprise Florida (advisory); Jobs and Education Partnership (HRIC)	Iowa Council on Human Investment (planning); Iowa Workforce Development (HRIC)
Local or regional agencies	Regional Workforce Development Boards	Regional Advisory Boards
Programs included—state level	School-to-work (STW); Welfare-to-work (WtW); One-stop centers; High-Skills/High-Wages (HS/HW)	Promise Jobs; Elder Services; JTPA; Voc rehab; Dept. of Labor (DOL) Shared Information System
Programs excluded—state level	Proprietary schools; Adult education; Technical centers; Private colleges	Vocational education; Department of Human Services
Local responsibilities	STW; WtW (WAGES) (in 16 of 25 areas); HS/HW (occupational forecasting)	STW; WtW; Regional Workforce Centers; JTPA, Voc rehab, ES, Veterans' Services
Firm-based training	Quick Response Training (high-dividend occupations only)	New Jobs Training Program (through CCs); Iowa Jobs Training Program; Business Network Program; Training and Retraining for Target Industries; Innovative Skills Development Program
Performance Measures and Data Systems	PBIF measures; FETPIP (see Box I.3)	Integrated information system, combining data from all programs
Distinctive features	Market-oriented mechanisms	

**Table 1 (cont.)**

	<b>Maryland</b>	<b>Massachusetts</b>
State agency	Governor's Workforce; Investment Board	DOL and Workforce Development; Massachusetts Jobs Council (advisory)
Local or regional agencies	12 SDAs; local Dept. of Social Services (DSS) agencies; local Job Service agencies	Regional Employment Boards (REBs)
Programs included—state level	JTPA; Perkins funds for voc ed; adult ed; ES; JOBS, Nat'l Community Service; Food Stamp Employment and Training (FSE&T) (as of 1995)	One-stop centers; UI; ES; JTPA; WtW
Programs excluded—state level	One-stop centers; STW; WtW; economic development; community colleges; UI; ES	STW; vocational education; community colleges; adult education
Local responsibilities	12 SDAs provide organization for JTPA, STW other job training; DSS agencies implement WtW; community colleges autonomous; local planning encouraged but not mandated	Regional career centers; WtW; policy setting and coordination
Firm-based training	Dept. of Business/Economic Development; WtW pilot projects; some local community college and SDA programs	Corporation for Business, Work, and Learning (formerly BatyState Skills Corp.); Enhanced Enterprise Communities
Performance Measures and Data Systems	Dept. of Human Resources (DHR) using pay-for-performance contracts with private vendors; State Dept. of Ed. (SDE) emphasizing performance standards in K-16 education	
Distinctive features	New administration reversed course; split of economic development from workforce development, and of welfare from job training; Advanced Technology Centers in community colleges	Competitive funding of regional career centers; ideal of market-based workforce development system

**Table 1 (cont.)**

	<b>Michigan</b>	<b>North Carolina</b>
State agency	Michigan Jobs Commission (administrative); Governor's Workforce Commission (advisory)	Governor's Commission on Workforce Preparedness (GCWP) (HRIC); Interagency Coordinating Council (advisory)
Local or regional agencies	Local Workforce Development Boards (WDBs) in 26 Michigan Work Areas	Local WDBs
Programs included—state level	JTPA; ES; TANF/JOBS, Work First!; FSE&T; STW; Economic Development Job Training; Renaissance Zones	GCWP—adult ed; JTPA; JOBS; ES; FSE&T; community colleges; secondary voc ed; New and Expanded Industries Training
Programs excluded—state level	Adult education; community colleges	Vocational rehabilitation
Local responsibilities	Direct Administration (Tier One): JTPA; TANF, Work First!; FSE&T; STW; No Wrong Door Centers; Corrections & Displaced Homemaker Training Programs Collaborative Planning (Tier Two): adult education; vocational education; ES	STW; one-stops; JTPA
Firm-based training	Economic Development Job Training (EDJT)	New and Expanded Industries Training; Focused Industrial Training; Occupational Extension
Performance Measures and Data Systems	Employment at program completion and at 52 weeks postprogram; developing customer satisfaction measures (as of August 1997)	Common follow-up system, reporting to Employment Security Commission (in progress)
Distinctive features	Strong employer & economic development orientation; competitive subcontracting by local WDBs; economic development through tax and regulatory relief; EDJT	Priority of CCs as deliverers; consistency of efforts over time; use of one-stop centers for collaboration; staff development (Box I.2); funding to CCs for firm-based training

**Table 1 (cont.)**

	<b>Oklahoma</b>	<b>Oregon</b>
State agency	Workforce Quality Compact	Workforce Quality Council (WQC) (now the Workforce Policy Cabinet)
Local or regional agencies	21 local Compacts (with more expected)	15 Regional WQCs (now Regional Workforce Committees)
Programs included—state level	Education (K-12, higher education, Depts. of Vocational and Technical Education); Employment Security Commission; Human Services, Commerce, Rehabilitation Services, Human Resources; Cabinet Secretaries: Commerce, Health and Human Services, Human Resources, Education; private sector heads of 21 local Compacts	Five business members; Five labor or community-based organizations; State legislator; Local elected official; Local education representative Education (K-12, Community College Services, State System of Higher Education); Economic Development Department, Department of Human Resources, Bureau of Labor and Industries
Programs excluded—state level	DOL; proprietary trade schools; Department of Corrections	Proprietary trade schools
Local responsibilities	Voluntary	Advisory primarily; STW; one-stop center planning
Firm-based training	Area Vocational-Technical Schools; community and two-year colleges	Targeted Training Program; Small Business Development Center (in CCs)
Performance Measures and Data Systems	Exist for separate systems	Oregon Benchmarks (K-12: Certificates of Initial and Advanced Mastery); short-term performance measures; Shared Information System (SIS)
Distinctive features	Voluntary participation; inclusion of all education sectors	Long-term, stable commitment; state-level cross-functional teams; Oregon Benchmarks and SIS; Key Industries

**Table 1 (cont.)**

	<b>Texas</b>	<b>Wisconsin</b>
State agency	Texas Council on Workforce and Economic Competitiveness (advisory); Texas Workforce Commission (TWC) (administrative)	Council on Workforce Excellence (state HRIC); Department of Workforce Development (administrative)
Local or regional agencies	28 WDBs, of which 16 were fully operational as of 7/1/98	Local Collaborative Planning Teams (advisory); Job Centers
Programs included—state level	JTPA; ES; UI; FSE&T; TANF/JOBS/WtW; STW (shared); Trade Adjustment Assistance; Skills Development Fund; Senior Texans; Child Care Management System	Job Centers; Wisconsin Works (WtW); TANF; JTPA; ES; STW; vocational rehabilitation; UI; Workman's Comp
Programs excluded—state level	Vocational education; adult education; vocational rehabilitation; Smart Jobs Fund	Technical colleges; adult education
Local responsibilities	Under local WDBs: one-stop career centers; JTPA; FSE&T; JOBS; CCMS; STW; [ES & UI still under TWC]	Job Centers; Wisconsin Works; JTPA; ES; vocational rehabilitation; Perkins Funds; Adult Education Funds
Firm-based training	Skills Development Fund; Smart Jobs Fund Programs; Self-Sufficiency Fund; Texans Work Program	Wisconsin Regional Training Partnerships
Performance Measures and Data Systems	Statewide goals and eight (8) core performance measures approved by Governor, with UI wage-based employment and earnings as two "key" measures (not fully implemented)	Outcomes vary with area population and unemployment and include placement and duration of employment in unsubsidized jobs and increased earnings
Distinctive features	TANF is largely "work first"	Threats from "work first"; early and active Job Centers

discussed<sup>36</sup>; and, most important of all, (5) performance measures as they are usually measured provide information only on short-term benefits, but the long-run effects may be quite different—and, in most job training programs, tend to vanish four to five years after the program.<sup>37</sup> Thus, short-term performance measures are poor indicators of long-run benefits. As a North Carolina official mentioned about the state's Common Follow-up System, the system is trying to ask,

Have the clients gotten the basic underpinnings of an education that will allow them to transfer their knowledge, or every time they change jobs are they going to have to be re-educated because they didn't get the basic foundation to begin with? That's an issue that's not necessarily going to be answered by our follow-up system. Nobody seems to be paying attention to that question since we have had a political shift to the right in our legislature—that has not been a particularly hot question on their minds.

Short-run performance measures may also skew the kinds of services programs offer in favor of getting individuals quickly into jobs that may be of low quality and provide few opportunities for advancement.

Therefore, performance measures may be one way to force local programs to shift their attention to outcomes, but they are seriously flawed. A different approach to program quality concentrates not on either inputs or outcomes, but, rather, on the process by which programs prepare individuals for the labor force. This approach would, for example, develop a conception of what high-quality programs do, and then provide information about "good practice" to other programs through a process of technical assistance. Such information is complementary to that obtained by performance measures.

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<sup>36</sup> In other research, JTPA programs admitted that they would enroll clients formally only after they had been in the program a week or two, eliminating the early dropouts. In addition, efforts to follow up clients to calculate placement rates often do not try very hard to locate mobile clients, who may be the least likely to be employed. Officials sometimes alluded to being able to calculate any placement rates they needed to, seeming to imply that there were still other methods of manipulating data. Despite the potential consequences of these practices on performance measures, we have never seen this subject carefully addressed.

<sup>37</sup> See Friedlander and Burtless (1995), especially Table 4.2, reprinted in Grubb (1996a), pp. 76-77. See also the meta-analysis by Fisher and Cordray (1996), which found that effect sizes for earnings increase gradually until the 9th quarter, at the beginning of the third year, but then decay rapidly; effect sizes for the proportion employed increase gradually until quarter 10, and then decay rapidly over the next three quarters. In a nonexperimental study in the U.S., Geraci (1984) compared short-term indicators and longer-term earnings. The correlations were generally quite low, indicating the inaccuracy of short-term measures of success.

If, for example, a program's performance is found wanting, then there's no reason why this information will improve its outcomes unless it has access to the resources (both informational and financial) necessary for improvement. However, this kind of information about good practice is comparatively rare. We have already noted that technical assistance is relatively infrequent; with the possible exception of North Carolina (see Box I.2), few of the states we examined provide much of it.

Perhaps more damaging, few of the local or state officials we interviewed could articulate criteria describing the quality of education and training programs, aside from the definitions embedded in performance indicators. We routinely asked administrators and policymakers to identify exemplary programs, allowing *them* to define what "exemplary" might mean—though we provided some examples if they requested them (see question 9 of both the local- and the state-level protocols in Appendix A). We wanted to identify exemplary local programs to visit; in addition, we wanted to see how local and state officials define quality—and to test their conceptions against the five-part conception of quality that we have developed in various studies over the past few years (see Box VI.2).

Unfortunately, few administrators could identify any specific programs as exemplary. Some mentioned examples of programs currently being put in place—for example, individuals in Iowa mentioned Workforce Development Centers that were moving toward the state's goals, and officials in Texas and Michigan also emphasized the one-stop centers that were furthest along in implementation. In the cases of Oregon and Oklahoma, with their focus in coordinated regional planning and implementation, state officials named specific regions within the state that they perceived to be well on their way to coordination. Some mentioned high-profile programs—for example, programs operated with large employers like Disney World or Universal Studios in the Orlando, Florida, area—without indicating what made them exemplary and without knowing anything about them except the program name. Several individuals, particularly in community colleges, proudly described computer-based learning programs—even though computer-aided instruction is often of poor quality, particularly for remediation.<sup>38</sup>

In Maryland, most state officials asserted that it was a local role to address quality—even though the state was attempting to improve quality through some technical assistance, developing performance standards, and tracking performance measures. The few mentions of "exemplary" programs were those that had been around long enough to generate outcome data, or that had a good local reputation, but they were unable to describe key components of implementation strategies that were distinctive in these

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<sup>38</sup> On the generally poor use of computers in community colleges, see Grubb and Associates (1999), Chapter 7; see also the Panel on Educational Technology (1997).

programs. Officials in Wisconsin identified one particular job center, one that appeared to make more referrals to education than others; however, the domination of "work first" in the state made it difficult to cite any exemplary education and training efforts. In North Carolina, administrators have become enamored of the "model" of the Center for Employment Training (CET) in San Jose, California—a step in the right direction, since CET shares many of the attributes of quality that we have identified in Box VI.2 and its outcomes have been shown to be better than those of other job training programs—but they have been unable to replicate all the components of CET.

To be sure, there are some specific programs and institutions that have a clearer sense of what quality requires. The North Carolina community colleges are particularly insistent on close relationships with employers, which they achieve partly through economic development activities (see Box VI.2, point 1). The Index Program in Tulsa and the Industry Consortia elsewhere in Oklahoma also emphasize close partnerships with employers. The community colleges in Maricopa County cited the importance of workforce development activities in creating close linkages with employers. In addition, they have articulated a philosophy that they call "incrementalism," recognizing that many individuals obtain their education in small, incremental steps. As one administrator described it,

Our college deals mostly with adult students, so they have short-term goals: "I want a job." That's the first goal. "I want a better job." That's another goal. So then they come back each time they need to meet a goal—they come back for the next segment.

This is identical to the idea of creating "ladders" of opportunities, from short-term job training to longer-term vocational programs with certificate and Associate degrees (Box VI.2, point 4), that could help structure other education and training programs. But few programs have articulated such ideas, and fewer still have put them into practice.

Overall, then, most local and state officials in these ten states could only rarely articulate any definitions of what good and bad programs might look like. They made few references to *any* of the five criteria for high-quality programs presented in Box VI.2; and they did not have their own conceptions of quality either. There are many reasons for this. Many state administrators do not visit local programs very often, and local administrators rarely get out of their own areas. Many officials interpret what programs do entirely in terms of the numbers they must collect—enrollment rates; sometimes completions; and, in a few states, placement rates and other performance measures—and they interpret their jobs as monitoring performance on these narrowly defined indicators; they simply have no reason to develop a broader conception of quality. Some state

administrators feel that it is not their responsibility to impose conceptions of quality on local programs. Conversely, some local administrators feel that they should mimic what the state has declared desirable, rather than coming up with their own ideas. Clearly, many local and state officials had never been asked about exemplary programs. In the absence of state technical assistance, or efforts to identify and replicate "best practice," or snoopy researchers trying to find local programs to visit, this simply is not a useful question. Who would want to know the answers?

But the lack of any clear conceptions of quality is unsettling. If local and state officials cannot articulate any dimensions of quality, then they cannot recognize when their policies are driving programs in the direction of higher quality or, conversely, when policies might erode quality—for example, when performance measures might actually diminish quality.

#### **Box VI.2 Dimensions of Quality in Workforce Preparation Programs<sup>39</sup>**

While there are many ways to conceptualize quality, five characteristics of programs are important in general—though for particular programs several of these may not matter:

1. *Assessment of the Labor Market:* Training individuals for positions where there is little or no demand cannot possibly lead to effective programs. Therefore, some of the most effective training programs have included procedures to assess the state of the local labor market, to distinguish jobs with relatively substantial (or increasing) demand from those with stable or declining demand, or to identify relatively high-wage jobs or jobs with prospects for wage growth. For example, one examination of particularly effective job training programs in Texas—effective as measured by steady employment at minimum wage or better—determined that the most effective programs targeted jobs with high and growing demand, and counseled participants about the occupational fields in which they were most likely to be successful, thus, improving the chances that anything learned in the program would be translated into higher earnings (King et al., 1995). In the ten states we examined, Florida tries to target low-growth, high-wage jobs; and Oregon's Key Industries are an attempt to identify high-growth sectors.

*cont.*

<sup>39</sup> These conceptions of quality have emerged from this study, from examining a series of supposedly exemplary programs, from the research in King et al. (1995), and from various other research over the past decade. We regard these five dimensions of quality as rough working hypotheses about high-quality programs. See also Grubb and Ryan (1999, forthcoming), Section II.4, which presents four stages of human capital development: (1) implementation, (2) the learning process, (3) changes in behavior on the job, and (4) employment and non-employment outcomes. These four stages are closely linked to the conceptions of quality presented in this section.

## **Box VI.2 cont.**

### **2. Teaching the Appropriate Competencies:**

Once a program has targeted a particular job, then the competencies appropriate to the job must be taught. Somewhat artificially, this task can be divided into *content*, incorporating the competencies that are required on the particular job; and *pedagogy*, or the methods of teaching various competencies. The content of workforce development programs is complex, since most jobs require a broad array of noncognitive abilities in addition to familiar linguistic and mathematical abilities. In many workforce programs, remediation is necessary and, therefore, a set of "academic" abilities complementary to vocational competencies need to be achieved. In many of the best programs, academic and vocational competencies are integrated rather than taught independently or *seriatim*. The pedagogy of vocational education is equally complex but almost completely neglected within the United States.<sup>40</sup> If programs ignore the content and pedagogy appropriate to the demands of the workforce, completers will not be adequately prepared—the common complaint of employers.

### **3. Providing an Appropriate Range of Services:**

High-quality programs provide a range of services appropriate to the needs of trainees because an individual's employment may be constrained not by the lack of vocational or academic competencies, but by family responsibilities, particularly the care of young

*cont.*

They cannot identify other state policies that might improve quality, and they certainly cannot support technical assistance—an approach that presumes a state has access to information about high-quality programs. Worst of all, a world in which there are few discussions about quality—but where public discussion focuses on expanding or declining revenues, enrollments, performance measures as oblique measures of quality, and political alliances over and over and over again—is one in which fledgling efforts to improve quality can find little support. The currency of the realm is still enrollment and, in turn, the revenues generated by enrollment.

Ironically, then, the conception of a workforce development system is skewed in many states. These efforts have emphasized linkages among programs—particularly, at this stage, information

<sup>40</sup> The issue of pedagogy is badly neglected in all of vocational education and training. This section relies on Achtenhagen and Grubb (1999, forthcoming), which reviews the existing literature on vocational pedagogy. Even in the much-emulated German dual system, issues of pedagogy have not been systematically addressed, even though teacher training there is quite comprehensive. In the English-speaking countries with their less institutionalized systems, teacher training is often badly neglected, and the same is true in most transitional and developing countries. In the absence of explicit preparation in pedagogical issues, most instructors revert to didactic and skills-oriented approaches.

about other programs—but have done much less about the quality of programs themselves, except to begin the process of defining performance standards. But the problem with this strategy is that many programs in the current education and training system are not very effective. Short-term job training programs and welfare-to-work programs show small effects, vanishing after several years, and even these are being eclipsed by "work first" initiatives. Most adult education programs keep their students for only short periods of time, teach them in dreadful ways, and provide them with little advancement (Grubb & Kalman, 1994; Young, Fitzgerald, & Morgan, 1994). Many community colleges and area schools have high dropout rates; mediocre connections with local employers; and weak services, including placement efforts. The information provided by one-stops may be useful to some students, but not to those who failed to find their way

#### Box VI.2 cont.

children; abusive family relationships; health problems, including physical handicaps; and mental health problems, especially depression or bipolar conditions, or alcohol and drug abuse.<sup>41</sup> If a training program fails to screen its clients for this range of issues, and fails to respond with the appropriate services (like remedial education, child care, health care, or mental health programs), then, by default, a number of individuals will fail to complete the program and it will be ineffective.

4. *Creating Linkages Among Programs:* Many public training programs, particularly for remedial purposes and retraining, are quite short—perhaps ten to fifteen weeks, and sometimes (in job search assistance) as little as two weeks. Unfortunately, their effects on subsequent employment and earnings are small and often transitory. One common reason for such small effects is, of course, that such programs are simply not long or intensive enough to substantially improve the competencies of the individuals involved. Unless it is possible to develop more comprehensive programs, an alternative is to link shorter programs in "ladders" of successive opportunities so that individuals can enter one short-term program, perhaps work for a while, and then enter a subsequent program to further develop their skills. Such linkages also allow services to be provided by different programs to the same individual, allowing him or her to receive an appropriate array of services. However, if a short-term program fails to establish such linkages, then individuals are again on their own in identifying further education and training opportunities.

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<sup>41</sup> As a particularly vivid example, Quint, Musick, and Ladner (1994) found indications of depressive conditions in one fourth to one half of the individuals in an experimental program for mothers on welfare. Depressive conditions may manifest themselves as drug or alcohol abuse or as what appears to be laziness, so an accurate diagnosis is necessary to understand the appropriate response.

**Box VI.2 cont.**

5. *Monitoring Effectiveness Continually:* A final characteristic of high-quality VET programs is that they monitor their own effectiveness by collecting the appropriate data and using it to identify and remedy weaknesses. This is a desirable characteristic because it shifts the burden of assuring quality from a regional or national board—which may not be in a good position to learn about dimensions of quality—to the training provider itself, which is in a better position to be aware of the variety of employment and client characteristics that affect effectiveness. The ability to monitor effectiveness requires a process to collect and act upon information. While performance measures could be part of this process, it could also include regular interviews with employers, exit interviews with students leaving the program, and other information that could determine *why* outcomes may be mediocre. The process in Oregon, of establishing Benchmarks and then urging local programs to develop the ability to improve, probably provides the best example among these ten states.

there or are unable to make good use of computer-based information. Each component of the current system bears examination and improvement—but without any clear conception of what high-quality programs look like, there is little guidance to help states face this challenge.

# Unresolved Issues: The Contradictions in State Policies

There is no question that some states—some of the most active states—have made substantial strides in creating coherent workforce development policies, certainly compared to their activities a decade ago. Others lag substantially behind, often for obvious reasons—because their efforts have not been consistent over time, or because they have started only recently to think about significant reform of their workforce development programs. Over longer periods of time, they might make more progress.

However, across the ten states we have examined, there are a number of issues that present substantial barriers to future development. These are structural issues, deeply rooted in current policies and politics, that cannot be resolved simply with additional time and attention, unless they are confronted directly. They have emerged even in states that have made substantial progress, and that have consistent political support for reform of workforce development. In our estimation, these present the real challenges for future efforts: the continued separation of education from training; the conflict between the rhetoric around a skilled workforce and the reality of low-level programs; and the debate over institutional versus market mechanisms.

## *The Continued Separation of Education and Training*

One of the notable patterns across these ten states is that education programs—specifically postsecondary vocational education in community colleges and technical institutes or centers, and adult education—are (with some important exceptions like North Carolina, Oklahoma, and Oregon) frequently left out of state coordination efforts. Thus, the Texas Workforce Commission (TWC) failed to include any education programs. Adult education fought hard to stay out of the TWC, and the community colleges have also managed to stay independent of this effort. Similarly, in Michigan, adult education and community colleges were not included in the programs administered by the Michigan Jobs Commission (MJC), and state officials complain frequently about the unresponsiveness to employer needs of adult education in particular. In Maryland, community colleges are widely viewed as weak partners in workforce development, with a mixed record of working with employers and an inability to move fast enough. One observer noted that colleges “always come to the table as vendors, never as partners,” wanting more resources without being willing to share the risk of new

efforts. Others noted that colleges shifted the "profits" from continuing education to their "core" offerings. (There are, to be sure, initiatives to draw community colleges into the workforce development system, especially through Advanced Technology Centers.) Adult education has a low profile in Maryland, and was not mentioned by other programs as an important part of the system.

In Massachusetts, both two- and four-year colleges send representatives to the Massachusetts Jobs Council, but they have not been able to exert much influence because public education is outside the state's workforce development funding and governance structure. More generally, as we pointed out in Section II, adult education in a number of states fought vigorously to be kept out of consolidation efforts, and education programs were never considered for inclusion in the first place. Sometimes the separation originates in political practices. In Arizona and several other states, an elected Superintendent of Instruction is independent of the Governor. The Governor's Policy Board did not include any education agencies; as a local coordinator complained,

There's a separation between the Governor and the Superintendent. So just by the way it's structured, you're going to have a separate system since the Governor administers and oversees the employment training programs versus the Superintendent who oversees the educational program.

Where it occurs, the continued separation of education from training<sup>42</sup> means that the majority of funding in workforce development efforts remains outside state reforms. For example, the TWC includes about \$750 million in overall spending, though some of this—\$220 million in child care, \$46 million in the Employment Service (ES), and \$76 million in Unemployment Insurance (UI)—is essentially segregated for specific purposes; but an additional \$700 million is spent in vocational education, adult education, vocational rehabilitation, and the Smart Jobs fund to lure industry. As a result, the TWC can make decisions about less than half of the education and training funds in the state, and its influence over education is scant. Similarly, in Massachusetts, an inventory of education and training programs led local programs to believe that they might have huge budgets; however, when the local career centers were funded, it

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<sup>42</sup> This follows a pattern which earlier NCRVE research also noted: Grubb and McDonnell (1996) found that one common pattern of coordination in local communities was for education providers to coordinate (especially to ease the transition from high school to college and from two-year to four-year colleges) and for job training providers to coordinate, but for the two groups to remain separate from one another.

became apparent that much of the funding in the system was locked up in education or other programs that could not be touched. As a state official mentioned,

The career centers were promised huge budgets. They really believed that there was \$700 million in the system for them, ignoring that most of it—such as Pell grants and aid to local vocational schools—can't be accessed. There isn't that kind of money in the entire system—and what there is, is completely categorical—to support a purely customer-driven model. In fact, about \$1 million is available for each of the SDAs. The result was a complete meltdown.

But the more serious problem of the continuing division, in our view, is that each could learn from the other. Educational institutions have certain strengths which job training programs typically lack, and conversely, education has much to learn from job training. In particular, short-term job training programs usually generate very small benefits for their participants, in the range of \$200 to \$500 per year; and even these paltry benefits tend to vanish after four or five years, so any benefits are temporary.<sup>43</sup> The reasons for these discouraging results include the low intensity of these programs (since most last only 10 to 15 weeks), the provision of a limited range of services to individuals with multiple barriers to employment, the poor quality of training, and the inattention to teaching issues—for populations who have often failed to learn basic academic skills in ten to twelve years of schooling. One way to correct these weakness might be to create more substantial job training programs, like the one-year residential Job Corps or the two-year German programs with many ancillary services. But if this seems politically and fiscally unreasonable, the only other solution would be to link a series of shorter programs in "ladders" of opportunities, perhaps including one or two short job-training programs and then transfer options into certificate and Associate programs in community colleges or technical institutes. This solution, relying on existing institutions rather than creating new ones, requires that job training and education providers be better integrated, and the continued separation of the two in many states thwarts this possibility (Grubb, 1996a).

Similarly, many job training and welfare-to-work programs are forced to provide remedial education, either before or as part of vocational skill training. But remedial education within the world of job training is incredibly haphazard: many programs use the worst kinds of

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<sup>43</sup> The benefits of training have been summarized in Grubb (1996a), Lalonde (1995), and U.S. DOL (1995). The long-term effects are examined in Friedlander and Burtless (1995).

computer-based programs, very few pay any attention to the pedagogy of basic skills instruction or to the training of instructors, and even the most careful of these efforts show no results. The effects are not any better in adult education programs, on the average, which also tend to be too short, to have extremely high dropout rates, and to pay little attention to appropriate teaching methods (Grubb & Kalman, 1994; Young et al., 1994). However, some community colleges have developed remedial (or "developmental") efforts that have more promise—that use a variety of different teaching methods, that generate programs of considerable intensity, and that link remedial education with vocational education so that students stay motivated.<sup>44</sup> But adult education and job training providers cannot learn from these efforts if they are segregated in their own little worlds. Only a state effort that began coordinating all programs and allowing different providers of remediation to learn from one another would have some chance of improving practices in the worst programs.

Conversely, education providers also have much to learn from job training. As we mentioned above, community colleges often have weak connections with employers, and often assert that placement is not part of their charge as educators; however, partly because the markets for individuals without baccalaureate degrees are quite local, the benefits of postsecondary vocational education often do not materialize unless students find employment related to their course of study (Grubb, 1998). Usually this requires finding employment locally—for which strong connections to employers and placement efforts are crucial, as they are for some institutions (like the vocational-technical centers in Oklahoma, or the community colleges in North Carolina) but not for others (like academically oriented community colleges). In addition, colleges are frequently charged with having rigid schedules, operating only on a standard academic calendar; they could benefit from learning about the flexibility more often seen in job training and adult education. Community colleges, adult education programs, and job training providers could, therefore, learn from the strengths of other programs. Indeed, we have sometimes seen such combinations—for example, when the JTPA program in Miami joined community-based organizations to provide recruitment, assessment, counseling, and job placement, while the local community college provided classroom instruction in both remedial and vocational skills, with each

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<sup>44</sup> On the lack of effects of adult education and job training programs, see Grubb and Kalman (1994); for a random-assignment evaluation of a basic skills program showing no significant effects, see Martinson and Friedlander (1994). On learning communities in community colleges that combine remedial and vocational education, see Grubb (1996b), Chapter 5; and Tinto, Goodsell-Love, and Russo (1994). On the integration of remediation and vocational education in a job training program, see Burghardt and Gordon (1990) on CET.

providing its own specialty.<sup>45</sup> But for this to happen, the division between education and training must be bridged.

Occasionally, better connections between education and training exist when a community college dominates the local provision of services, and can thereby coordinate different programs.<sup>46</sup> For example, in Iowa, the East Central Iowa Employment and Training Consortium and the East Central Iowa Private Industry Council (PIC) transferred administrative responsibilities for JTPA from the city to Kirkwood Community College, which provides leadership for establishing a coherent regional service delivery system and, as the coordinating service provider, the Regional Workforce Development Customer Service Plan. Within each of Iowa's workforce regions, several entities will be involved in providing products and services, including the Regional Advisory Board (RAB), the PIC, local elected officials, coordinating service providers, and the fiscal agent. Partner organizations will manage the regional workforce development system and remain responsible for coordinating service providers—creating ongoing working relationships among a variety of education and training providers, including the community college. More generally, community colleges administer JTPA programs in about half the counties in Iowa and, therefore, can—if they are appropriately organized<sup>47</sup>—coordinate education and training. In addition, because community colleges provide customized training to firms through Iowa's unique bond program, they can also coordinate economic development activities with job training.

Another similar example exists in Orlando, Florida, where Valencia Community College provided leadership in the development of central Florida's Partnership for Workforce Development. The one-stop centers are located on the five campuses of the college, which shares staff with the centers. The college provides a wide range of assessment, basic skills, and other kinds of adult education; both short- and long-term vocational education; and placement services. Still another example is Maricopa County Community College District in the Phoenix area. The colleges provide a great deal of training through the state's Workforce Recruitment Program; they are active partners in the local one-stop centers, providing staff two days a week who can enroll students on the spot. The STW office is located on the college campuses. The colleges provide a variety of

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<sup>45</sup> This example can be found in Grubb et al. (1990b).

<sup>46</sup> See also the model of coordination where the community college is dominant—found in Jacksonville, Florida, and in Sioux City, Iowa—in Grubb and McDonnell (1996).

<sup>47</sup> In earlier research, we found some community colleges in Iowa with responsibility for JTPA organized job training in an independent division, limiting the connections between short-term job training and longer-term vocational certificate and Associate programs. See Grubb et al. (1990a).

short-term training and operate the Maricopa Skill Center specifically for short-term training, as well as offering certificate and Associate programs. Their philosophy of "incrementalism" recognizes that students in short-term training may later need or want to return for longer-term programs.

In addition, some states have managed to incorporate educational institutions into their workforce development reforms. For example, the Workforce Quality Compact in Oklahoma includes the regents for higher education (responsible for community colleges), the Superintendent of Public Instruction (for K-12 education), and the direction of the Department of Vocational and Technical Education (with responsibility for area vocational centers). The Compact can, therefore, continue to promote the cooperative agreements and articulation that have been developing between community colleges and area vocational schools. In the spirit of building partnerships and using existing resources, the Department of Human Services has allocated substantial grants to the community college and area vocational schools to serve TANF clients. In addition, adult education is integrated with workforce development to a greater extent than in most states. It provides some basic skills and functional literacy training in workplaces for specific employers; it supports Job Link, a program available to all unemployed and underemployed individuals that provides basic skills required for entry-level jobs, where employers give preference to individuals who have completed the program; and it has provided several special grants for basic skills to community-based workforce development programs.

North Carolina provides another example of bridging education and job training, partly because of its long history of vocationally oriented community colleges. Community colleges and adult education are overseen by the Governor's Commission on Workforce Preparedness, which consolidated the state's advisory boards for vocational education, job training, and adult education. Community colleges are the preferred providers for all workforce development, including upgrade training for specific employers and new-hire training for firms moving in. They also provide adult education and literacy programs, and often provide these services for job training and welfare-to-work programs, usually through noncredit courses in continuing education divisions. In Massachusetts, the director of adult education has been a member of the Massachusetts Jobs Council, and for several years has tried to rationalize programming through multiyear grants and the issuance of joint RFPs with other state agencies. Many other training administrators identified this office as the only educational program that understands workforce development. Oregon also has made community colleges an important partner in workforce development and welfare reform. The Office of Community College Services staff and local colleges have been key players at the local and state levels. The colleges' chancellor took a leave of absence to serve as the

Education and Workforce Policy advisor to the Governor, and the interim chancellor was also active in supporting the WQC. On the workforce side, local community colleges house one-stop centers, serve as primary providers or subcontractors for education and training of welfare recipients, and also administer adult basic education.

There are, then, some bright spots in the efforts to coordinate education and training, particularly where community colleges (and, in Oklahoma, the area vocational centers) are oriented toward workforce development. But most states have failed to bridge this divide. Until they do, we suspect that job training programs by themselves will remain small and ineffective, and that education programs will be less effective than they could be if they made common cause with other participants in the workforce development arena.

### ***A Skilled Workforce: Rhetoric and Reality***

A second contradiction in the plans of many states is a deep conflict between the rhetoric behind state reforms and the reality of what states often do. The justification for reforms is often some version of the national SCANS report published in 1991, which argued that international competitive pressures and the demands of high-performance workplaces required new skills in the labor force—for example, five of the competencies that the SCANS report identified were the ability to work with resources, information, systems, technology, and other people of different kinds from diverse backgrounds. Similarly, states have usually prefaced their reforms with the same rhetorical flourish. In Oregon, for example, the 20-year strategic plan called *Oregon Shines* declared the need to build “a superior workforce . . . equal to any in the world by 2010,” the foundation of “well-paying, productive jobs for Oregonians, providing an economic base that enriches all aspects of Oregon life.”

But the reality of what states are doing is far from the resolve to provide “higher-order skills” for 21st century jobs in at least three respects. Most obviously, “work first” programs for welfare recipients are limiting their access to education and training, and are instead pushing them into jobs that are unlikely to have much educative potential. States seem to be willing to live with a two-tiered system, in which some citizens gain access to public colleges and universities, with substantial public subsidies—particularly over the unlimited years that nonwelfare recipients are entitled to be in public education and training programs—while others are given two-week job search assistance workshops and told to make their way into the current labor market, in which the earnings of low-skilled workers are steadily eroding. Evidently, the skills required for the “workforce of the 21st century” are not for them—they are being constrained to pick up whatever skills they can find in low-level work. And the preoccupation with welfare

"reform" has drawn attention away from education and training in many states, undermining the commitment to higher-order skills for the population as a whole. It is hard to reconcile these activities with the rhetoric of human capital development as the source of advancement.

Second, the focus in most workforce development reforms on low-intensity job training is also inconsistent with the rhetoric about higher-order skills and a flexible workforce. Most job training programs provide 15 weeks or less of relatively job-specific preparation, barely adequate for entry-level work, and the dismal long-run effects of these programs clarify that they do not provide the educational base to allow individuals to continue learning on the job. The remedial programs in the workforce development system, particularly the brief efforts that are part of job training programs and adult education, are usually ineffective and provide the lowest levels of basic skills, with high rates of dropping out and few options for those who do complete these programs. In some states, there appears to be a trend toward shorter programs. In Michigan, for example, employers continue to stress the importance of "soft" or personal skills and workers who can reinvent themselves, but they are also demanding shorter programs. Fewer students are completing Associate degrees, fewer are taking courses of study with math and language components, and the programs of the Michigan Economic Development Job Training Program (often provided by community colleges) tend to be short and highly employer-specific. The states pursuing "work first" strategies have generally avoided connections to postsecondary education, since these programs are generally too long for their purposes. These policies are not routes to a highly skilled labor force.

Third, as SCANS and many others have pointed out (e.g., Berryman & Bailey, 1992; Berryman, 1995; SCANS, 1991), higher-order skills require new approaches to teaching and learning. It is impossible to learn sophisticated communications skills in English courses that continue to drill on grammar and punctuation, or to learn problem-solving in conventional math courses emphasizing computational algorithms and simple-minded time-rate-distance problems. The typical computer-based programs used in many job training activities and remedial labs are particularly poor ways of teaching higher-order skills of any kind. Some institutions are using the DACUM process of curriculum development in an effort to orient their vocational preparation around the skills that are presumably required in work, but DACUM and other competency-based approaches usually result in long lists of low-level skills to master, ignoring the conceptual understanding that is crucial to working in high-performance workplaces.<sup>48</sup>

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<sup>48</sup> The problems associated with DACUM and other competency-based approaches to vocational curricula are clarified in Achtenhagen and Grubb (1999, forthcoming).

Instead, new approaches to teaching are necessary in which individuals face more realistic problems and more lifelike approaches to communications skills, teamwork, computer use, and the other commonly mentioned higher-order skills. These approaches have been promoted in some efforts to integrate academic and vocational education supported by federal funds for vocational education, in some Tech Prep programs, in learning communities adopted by a few two- and four-year colleges across the country, and in some efforts to bring academies and career pathways into high schools. However, such changes in approaches to teaching have been missing from reforms in workforce development programs, where issues of teaching and learning are almost non-existent.

More generally, as we showed in the previous section, most local and state officials find it difficult to conceptualize quality in education and training programs. They certainly do not mention "skills for the 21st century," despite the prevalence of such rhetoric in state policies, and they do not think about the approaches to teaching that could lead to such skills. The emphasis on welfare "reform" has distracted the attention of state officials, and it has tended to alienate the employers whose support for public education and training is critical over the long run. The future of workforce development does not lie in "work first," but, rather, in improving the quality of education and training programs and the linkages among them.

Now, perhaps, we should understand the rhetoric of preparing a "workforce for the 21st century" as overblown, and, therefore, accept more modest goals for workforce development. Certainly, modest goals—creating more coherence in the "system," encouraging a little more coordination, creating more information for potential clients, generating a little more data about results, and providing a new forum for comparison among programs—are all worthy in their own right. But these goals, without attention to dimensions of quality or ideas about what skills are most appropriate, set their sights too low. By supporting training and related services that are appropriate, *at best*, for the unskilled labor force, they doom the individuals in them to jobs where they cannot readily advance and where their wages will deteriorate in real terms. They virtually guarantee that the mediocre outcomes typical of existing job training programs will be replicated. And they guarantee a divide between the substantial efforts in the conventional education system, including two- and four-year colleges, and the modest efforts in workforce development, reinforcing a two-tiered system.

## *The Debate Between Institutional Versus Market Mechanisms*

In the efforts to reform workforce development, we can see an implicit debate that has taken place in other education and social programs—between the wisdom of policies designed to strengthen public programs, and those efforts to provide competition and other market-like mechanisms to enhance quality. The range of state policies, depicted in Figure 1, illustrates this issue, in which most states have adopted policies that draw from both institution-building strategies and market-like mechanisms. But this “debate” is rarely made explicit because, with few exceptions—like Oregon with its rejection of overt competition, and perhaps Florida at the other extreme—states have adopted their policies without explicit consideration of the alternatives available to them.

The debate in the U.S. about markets and market-like mechanisms has settled into a predictable pattern: advocates for markets claim about choice, effectiveness, and efficiency, while detractors complain about inequities and fraud and wonder if they can deliver on the promises made for them. There have been fewer attempts to determine what the empirical record shows—whether there is evidence to back up the claims and counterclaims of each side—partly because there is still not much evidence.<sup>49</sup> Indeed, state efforts to reform their workforce development programs can be viewed as opportunities to test the efficacy of institutional versus market-like mechanisms of reform.

But for such tests to be adequate, it is necessary for states to collect the right information about effectiveness. For example, the question about one-stop centers is not simply how many people use them; the critical questions are whether decisions about training programs are improved or changed by having access to more information, and whether individuals who are *not* served by one-stops have access to information they need for rational decisions. The question of whether information is sufficient for individuals to make decisions—or whether the relatively inexperienced and uneducated individuals who seek access to training and welfare-to-work opportunities need more than information, like additional counseling—is one that has rarely been posed. An issue about performance measures is not simply whether they force programs to pay more attention to outcomes; it is also whether programs attain those outcomes in ways related to enduring effects,

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<sup>49</sup> See, for example, Levin’s (1998) review of the evidence in the U.S., and Finkelstein and Grubb’s (1998) review of the British evidence. What evidence there is seems distinctly mixed: the principal U.S. voucher system, federal grants and loans for postsecondary education, generally seems to work well for those attending four-year colleges but is underused in community colleges and leads to large amounts of default and fraud in proprietary schools.

or whether they engage in behavior—creaming, preparing for short-term over long-run effects, creating displacement, or simply cooking the numbers—that make programs seem effective without changing the prospects of clients.

Similarly, for states like North Carolina and Oregon that have engaged in more extensive technical assistance and institution-building, the question is whether local institutions respond to these policies, or whether they accept state resources and merely relabel what they are already doing. And, for the larger number of states that have done relatively little technical assistance, the obvious question is whether state resources overall might be more effectively spent if small amounts of additional resources were allocated to institution-building. Our general point, then, is that, until states ask the right questions about their current approaches, they will be unable to address the question of which policies are most effective.

The behavior of most states—which have adopted both market-like mechanisms as well as certain approaches to institutional improvement—suggests that the question of institutional improvement *or* market-like approaches may be the wrong way to pose the question. Instead of this either-or approach, a better question might be what *combination* of institutional and market-oriented approaches is likely to be most effective. One possibility—certainly one that avoids an either-or approach—is that markets can work well only in the presence of strong, self-conscious education and training programs that recognize the dimensions of quality like those in Box VI.2. In such cases, then, competition can work well—for example, community colleges that have taken on a variety of different responsibilities, including short-term training and contract education for employers; that have well-established connections with the local labor market; and that have worked to improve the quality of teaching in all their programs. But where programs have no sense of how to become more effective, or simply respond to the incentives (including reporting requirements) in state policies, then the danger increases that ill-informed consumers will confront an array of programs oriented toward profit rather than quality. (This happens, for example, when poorly informed “consumers” like welfare recipients face unscrupulous proprietary school or weak community-based organizations with few ties to employers and no conceptions of teaching.) The implication of this argument is that states should consider combining institutional support to create strong providers of education and training and well-informed consumers, with limited market-like mechanisms to create greater flexibility, variety, and consumer choice.

## **SECTION 8**

# **The Implications for State and Federal Policy**

By now we can see that, even as states are moving in the direction of more coherent workforce development systems (albeit slowly and fitfully), their policies and practices vary enormously. We expect that this pattern will continue—and rightfully so, given the differences among states in the economic issues they face, the institutions they have developed, and the structure and culture of local and state governments. If states continue to become more active in shaping their own systems, then the uniformity imposed in federal programs like JTPA and JOBS will give way to greater variety in how state and federal funds are planned, combined, and used. In this situation, it is inappropriate to make fixed recommendations, or to decide that the approach of a particular state is the right one for others to follow. Instead, we outline a series of issues that, based on the experiences of these ten states, should probably be considered by all states as they attempt to reshape their workforce development systems. We then examine federal policy briefly, to make three points about policies that are helpful to state efforts in varying degrees.

Finally, we return to the questions we raised at the beginning of this report. It is impossible to forecast whether workforce development systems will continue in the direction of greater coordination and rationalization, as the education system has over the past two centuries; however, the analogy is a useful one, since it can alert us to both the benefits and some of the pitfalls of system-building.

### ***Considerations for State Policy***

The local-state structure that most states have developed—that is, establishing a state agency by combining or consolidating a variety of programs, together with local or regional counterparts closer to local labor markets—is both logical and flexible. However, states must explicitly consider the following dilemmas or their efforts will simply add another layer of bureaucracy without affecting programs:

- *The powers of local and state agencies must be carefully considered.* Administrative agencies are much more powerful than planning agencies, and voluntary efforts (as in Oklahoma) seem to reach only the most committed local areas. The extent of state authority in consolidated agencies involves a simple kind of tradeoff: More powerful state agencies

are better able to ensure uniformity from region to region; but certain kinds of uniformity are counterproductive and create such resistance from local programs that very little is changed. In contrast, the policy of "state guidance, local direction," particularly in the more gentle forms that Oklahoma and Oregon have taken, create less resistance but also allow much more variation in the response of regional boards. Whether such efforts can, over time, change the culture of how local programs operate—as states like Oklahoma and Oregon hope—remains to be seen, but the consensus elsewhere is that there has to be some energy put into the state system in the form of either administrative power, funding, or political influence before coordination takes place: "unless you apply an input of energy, the system is not naturally integrated."

- *In many states, the state's vision is more powerful than its implementation.* In many cases, implementation has failed because of familiar problems: poor choices in leadership, slow developments at the state level, inconsistent state practices, resistance from various providers or from local officials, and/or the continued restrictions of federal programs (all reviewed in Section II). But we are particularly impressed with the importance of having stable and continuous state policies, support from a series of governors, and bipartisan support so that policies can continue to develop over time—as has been most true in Florida, North Carolina, and Oregon. Where new governors have taken a different position, or workforce programs have become pawns in partisan politics, or an activist governor has been succeeded by one who does not care about education and training, progress has been unsteady and often reversed.
- *The inclusiveness of state boards or planning councils, and then of their local counterparts, is a crucial decision.* Most often, these decisions have left in place a divide between education programs, on the one hand, and other job training programs and related services (like information and counseling or one-stop centers) on the other—a split created in the early 1960s which continues to reflect differences in purpose, in institutional norms and practices, and in political resistance. However, we have argued (particularly in Section VII) that such a division is counterproductive to creating more effective systems—systems in which different programs can learn from one another and create appropriate linkages—and, therefore, states need to consider the alternatives they have to reintegrate education and training.
- *Many states are moving toward systems that are more holistic,* in the sense that they include a variety of potential clients or students, and more flexible and responsive services determined by individual assessments and labor market information: This approach replaces, on both dimensions, the approach of fragmented categorical programs providing fixed services (or a lock-step progression of services, as in "work first") to a specific clientele without much sense of local employment conditions.

While there is not yet “evidence” of the conventional statistical sort about the effectiveness of such holistic and flexible approaches, they are superior for many *a priori* reasons: They move away from tiered and stigmatizing approaches, they adhere to many of the principles of program quality outlined in Box VI.2, and they provide a clear goal for a state’s reforms. Therefore, the purpose of coordination and consolidation is not simply to move programs around an organization chart in the hopes that good things will result. The purpose is to create more effective local programs and a system that is holistic, flexible, and responsive in these particular ways.

- *As states begin to develop more coherent workforce development systems, the “quality agenda”—the enhancement of the effectiveness of individual programs—becomes more prominent.* Other programs do not want to coordinate with low-quality programs, particularly (in most states) adult education and the ES; conversely, high-quality programs (like community colleges in North Carolina or adult education in Massachusetts) are more likely to play active roles in creating state systems. But states need to consider carefully how to enhance quality: Performance measures and accountability systems may be valuable in creating more information about effectiveness, but in the absence of the ability and will to change they may not be sufficient. The slogan we presented in Section I—“no funding without accountability; no accountability without technical assistance”—may be overly simple, but it does at least highlight the fact that states have several different approaches to quality, and may need to consider approaches that they are not now using.
- *As part of the quality agenda, states need to recognize the potential disjunction between their goals for a high-quality workforce and the reality of low-level training* (see Section VI). In some kinds of training—for example, upgrade training for specific employers—this may not be a problem, since employers can specify the requirements of production. But for remedial training and some re-training, it may be a serious issue, and it is unlikely that conventional programs can bring individuals lacking basic education to the levels appropriate for a high-skilled workforce all at once. Therefore, states need to consider how to create a series of programs, or a ladder of opportunities, so that individuals can over time develop the competencies necessary for skilled work.
- *Many localities and states have come to recognize the importance of engaging employers in creating workforce development programs,* at the very least by paying greater attention to the structure of demand and job growth. However, there are several more ways to engage employers, particularly in providing work-based placements complementary to school-based learning, in a variety of education and training efforts; and in helping design the curriculum of programs, certainly in cases of customized training but in other forms as well. As experience with STW programs

has clarified, creating these linkages also requires stable efforts, over long periods of time, with attention to the mutual interests of employers, students or clients, and education and training providers.

- *The practices associated with "work first," particularly in their more extreme form, violate many of the developments states have been trying.* They undermine the provision of education and training and, therefore, undermine the quality agenda; they replace holistic and responsive programs with categorical and rigid approaches; they distract state policymakers from the stable development of their own workforce development visions; and they have alienated employers. States need to consider carefully the costs of welfare "reform" and "work first" for the rest of their workforce systems, and may need to develop more moderate versions (as Iowa and Oregon have).
- *It is encouraging to see the emergence of economic development policies,* since these have the potential of matching supply-side policies in education and training with demand-side policies to enhance employment. However, the effectiveness of state economic development efforts has not been widely assessed, and many policies—especially "smokestack chasing"—need to be more carefully considered. And while a few states have developed mechanisms of coordinating economic development with workforce development, as outlined in Section I, this is by no means universal. Over the long run, states might consider how to combine effective policies, enhancing state employment with high-quality education and training.

### ***Considerations for Federal Policy***

In many ways, federal policies have created the problems that state efforts at coordination seek to redress. The accumulation of categorical problems with numerous and conflicting regulations have contributed to the sense of chaos, duplication, and ineffectiveness that, in turn, have generated both state and federal efforts at reform. The question for the federal government, then, is how it can be most helpful as states begin their own reforms. The experiences in these ten states suggest at least three considerations:

1. *Federal efforts that bring various education and training providers together have been generally helpful.* Ten years ago, for example, local and state officials generally praised the requirements for information sharing and joint membership on governing boards; and although the 7% funds for coordination between JTPA and vocational education were often poorly spent, they were also central to many local innovations. Currently, the efforts to create one-stop centers have been helpful in bringing many participants to the table. While many efforts so far have not gone beyond information-sharing, many centers have grander plans for the future,

and some centers have served as a forum to create more substantial coordination and even consolidation. Similarly, STW programs have been generally praised as mechanisms for getting various education and training providers together, even though in some areas they have not yet changed how high schools work (Hershey, Hudis, Silverberg, & Haimson, 1997). Thus, federal policy should in the future seek out opportunities to provide certain programs and services through joint delivery mechanisms, and current requirements for information-sharing and joint memberships should be continued.

2. *Federal regulations continue to be a thorn in the side of state reforms and local programs.* There are, however, a variety of approaches the federal government might take:

- Expanded use of waivers, especially in the efforts extended to several states like Workflex, is one way for the federal government to encourage greater effectiveness and coordination.
- The federal government could embark on a project to review its regulations, with an eye to eliminating unnecessary restrictions, coordinating requirements among federal departments (e.g., among the Departments of Labor, Education, and Health and Human Services), and creating definitive interpretations of regulations in place of the current inconsistency and uncertainty among regional and national offices. While we do not think this is likely,<sup>50</sup> it does at least clarify that there are alternatives.
- Consolidation of vocational education, job training, and adult education programs would presumably eliminate most federal programs. The local and state officials we interviewed are ambivalent in their view of consolidation, however. Some expect it would clear away a thicket of unnecessary regulations, while others fear it would dilute the commitment to certain populations—welfare recipients, the underemployed, the disabled, or dislocated workers, for example—

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<sup>50</sup> The implementation of the School-to-Work Opportunities Act, which is jointly administered by the Departments of Education and Labor, has been a bureaucratic nightmare (see Hershey et al., 1997). If cooperation between two departments on new and relatively simple legislation is difficult, cooperation among several departments on legislation that has been in place for several decades, and that is much more complex, seems unreachable. In addition, the political power that would be necessary to force such cooperation would be unlikely to come from either the Congress or the executive branch since the benefits are intangible and prospective while the costs are evident and present, and would be instantly expressed by multiple interest groups. This is a good example of Lowi's (1969) contention that democracies based on interest group liberalism cannot be planned rationally.

who are now protected in some measure by these regulations. Furthermore, in some states, officials fear that governors hell-bent on "work first" would use all federal funds for welfare recipients, leaving nothing for a greater variety of participants and employers. Consolidation seems to be a bold stroke, then, but in cutting the Gordian knot of federal regulations, it might also cause the workforce development systems in some states to unravel.

3. *Welfare "reform" and "work first" have been overwhelmingly detrimental to workforce development systems*, and, by extension, any subsequent federal legislation that imposed categorical and inflexible approaches to education and training would be similarly detrimental to workforce development systems. For the moment, the obvious recommendation is that federal legislation should undo the most damaging aspects of welfare reform; although we do not anticipate that this will be politically possible, given the ideological positions on welfare and the near impossibility of political consensus on any changes.<sup>51</sup> For the future, however, the Congress and the executive branch could at least take the Hippocratic oath of "do no harm," and avoid new programs and regulations that make state reforms more difficult.

### ***The Potential Role of the Workforce Investment Act of 1998***

The latest revision of federal legislation came in August 1998, when the Workforce Investment Act (WIA) was signed into law. This legislation is not the massive consolidation contemplated in 1996, which would have combined federal funding for job training, vocational education, and adult education. The WIA maintains separate titles for job training, adult education, Wagner-Peyser (the ES), and vocational rehabilitation, and funds for vocational education will come in separate legislation. In addition, the legislation maintains separate funding for adults, for dislocated workers, and for youth, preventing states from making their own judgments about priorities. However, in many other ways, the WIA contains the following provisions that should enhance coordination and the development of coherent systems:

- It continues the local-state structure that many states have already adopted, with a state Workforce Investment Board required to develop a five-year plan, and local Workforce Investment Boards responsible for planning and overseeing local programs. The WIA allows states that have already moved decisively to reform their systems to "grandfather"

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<sup>51</sup> Welfare policy illustrates Lowi's (1969) other contention about democracies based on interest group liberalism—that they cannot achieve equity.

these changes in over several years. Conversely, other states (like Oklahoma) that have taken a more gradual and voluntary approach will find it more difficult to implement WIA.

- It encourages states to submit unified plans for up to 14 federal programs in order to ensure their coordination and avoid duplication of workforce development activities.
- It strengthens the role of one-stop centers, principally by establishing them as the access point for employment-related training and other services. Since one-stop centers have been helpful in convening different programs and getting them to work more closely together—despite the resurgence of turf battles in some localities—this should further the coordination of programs at the local level.
- It provides further incentives to improve the quality of programs, particularly by requiring indicators of performance and establishing incentive grants starting in the year 2000 to states with above-average performance. Since the low quality and unresponsiveness of programs is one factor preventing their coordination with others—for example, in the reluctance of many providers to work with adult education in some states—the improvement of quality should enhance the willingness of programs to coordinate with one another.

The WIA requires four core indicators each for adults, dislocated workers, and youth, and specifies that these must be negotiated between governors and the DOL, and then between governors and the local workforce boards. On the one hand, the process of negotiation may mean that governors must take this effort at accountability more seriously. On the other hand, the negotiation mechanisms may lead to a proliferation of compliance-oriented mechanisms (rather than those intended to enhance effectiveness) and the development of too many measures across the 50 states to be practical. It will take some time to determine the effects of these required indicators.

- It appears to place less emphasis on federal rules and regulations, authorizing them only to the extent necessary and extending the eligibility for Work-Flex waiver provisions to all states (rather than just six). In addition, certain state plans are automatically approved within 90 days unless the DOL determines they are inconsistent with legislation, placing the burden on the DOL to prove noncompliance rather than on states to prove their compliance. Since federal regulations and uncertainty about their interpretation have been barriers to local and

state coordination, this should also facilitate the development of more coherent workforce development systems.

On the one hand, the WIA places new emphasis on Individual Training Accounts (ITAs), in which participants choose among providers, and de-emphasizes the provision of training through contracts with specific providers. This means that states like Florida, which has already moved in the direction of choice and other market-like mechanisms, should find it easier to continue their developments. On the other hand, states like Oregon, which have preferred an institutional approach to its workforce development, may find it more difficult to switch to ITAs. More generally, when *individuals* are the principal decisionmakers, rather than program *administrators*, they may or may not decide to enroll in programs that are well-coordinated with others. It is difficult to compel providers to coordinate if they can attract enough students without such reforms, and consumer "choice" may be influenced by many factors (like proximity and convenience) other than the quality of programs, the comprehensiveness of services, and the links to other providers.

There are several possible developments for ITAs. If these are implemented like pure vouchers, then—like the youth training vouchers adopted in Great Britain (Grubb & Finkelstein, 1998)—they may result in no expansion of consumer choice and low-quality training. If, instead, they are implemented like the "individual referral" model used in Texas—with full assessment and counseling about training options and implications—then the outcomes could be much different, with consumers much better informed and low-quality programs being eliminated from the system.<sup>52</sup>

The WIA is, therefore, somewhat ambiguous in its influences, and it will no doubt take some time for its effects to become evident. On the whole, however, it appears to facilitate the kind of coordination and cooperation that the most active states have pursued in developing more coherent workforce development systems.

### ***The Future of Workforce Development Systems?***

We began this report with an analogy between the education system, developed over the past two centuries, and the considerably shorter trajectory of workforce development programs. The developments in education have resulted in a relatively clear progression among its components—that is, from the lower grades to high school, from high school to college. Where these transitions are uncertain, we see considerable effort to make them smoother—for example, in Tech Prep programs to help high school students move into community colleges, or mechanisms intended

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<sup>52</sup> See again Barnow and King (1996) and their review of the literature on vouchers.

to smooth transfers among public colleges (both two- and four-year). The education system also includes relatively well-known institutions with predictable characteristics—like the high school, the community college, the liberal arts college, and the research university—despite variation among localities and states in the specifics and quality of such institutions. This uniformity has its costs, of course—distinctive institutions are hard to find, and innovation is often difficult—but it does contribute to the regularity and transparency of the educational system. Issues of quality remain, and have been among the most resistant problems—particularly in urban areas, and for low-income students. In addition, the articulation of the education system with employment is sometimes imprecise—not typically at the baccalaureate level, where education is usually a prerequisite to employment, but at the sub-baccalaureate level where, unlike better-codified systems like those of Germany,<sup>53</sup> there are many equivalent ways into employment.

If the analogy between the better-developed education system and the fledgling workforce development system is appropriate, then we might anticipate certain developments—and, indeed, we can see that these are underway in the ten relatively active states we observed. One is the continued effort to eliminate redundant, ineffective, or overly specialized programs—to eliminate "waste and duplication." The pressures for consolidation, the imposition of performance measures that can detect low-performing institutions, the beginnings of performance-based funding in Florida, and the incorporation of several programs into comprehensive community colleges in some areas are all part of this trend. In education, this has tended to eliminate secondary schools and specialized colleges; in workforce development, this suggests that holistic programs are likely to replace more specialized categorical programs.

A second characteristic of the education system is the growth of relatively clear ways of moving among levels of the system—replacing, for example, the many different ways of getting into college typical of the 19th century with a well-established, if still controversial, process of application and admissions with standardized tests and grades. This feature of system-building suggests that free-standing programs unconnected to any others—15-week job training, for example, or independent adult schools of short duration—are likely to develop linkages to other programs (or simply to be subsumed in other programs, as when community colleges take over adult education). In workforce development systems, this appears to be happening slowly, but it is emerging in a few areas where one-stop centers have encouraged greater coordination, and where local consolidation and

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<sup>53</sup> In international comparisons, the American educational system is usually viewed as not being particularly transparent, at least compared to German-type dual systems, because of the loose articulation of education with employment.

integrated service delivery are starting to take place. Indeed, the process we described in Section VI as moving up the hierarchy of coordination efforts, moves toward creating such linkages. And we can anticipate that, if and when local boards are established and become more inclusive—of education providers as well as training, for example—more of this will take place.

A third obvious parallel between the education system and the emerging workforce development system is the problem with quality. It has been quite difficult for localities and states to define for themselves what high-quality programs are. Performance measures have provided some dimensions of outcomes that programs can aim at, but their effects have been uneven, sometimes even counterproductive. Consistently, the same patterns of differences in quality evident in education also emerge in workforce development: The "Brahmins" get access to high-quality training in firm-based efforts and high subsidies in public universities, while the "untouchables" receive low-quality "work first" programs and low-cost community colleges.

Another parallel involves the roles of institutional versus market-like mechanisms. In the education system, dimensions of choice have always been important in postsecondary programs, where the major funding mechanism—grants and loans—is essentially a voucher system. In K-12 education, choice mechanisms stressing aspects of markets—like charter schools and vouchers—have become increasingly popular, though their effects on equity and quality are highly contested. So, too, in the workforce development system, market-like mechanisms are becoming increasingly popular in a number of states. While Florida is the best example of a market-driven approach, many states have combined institutional and market-like methods (as we illustrated in Figure 1).

Other features of the education system are more difficult to detect in workforce development. One feature of the education system from the mid-19th century was the development of bureaucratic mechanisms; teacher credentialing; rigid hierarchies of control at the school, district, and state levels; and governing mechanisms at district and state levels—all with their own justification, but which are generally viewed as stifling innovation, creativity, and flexibility. There are, of course, many complaints about inflexibility in workforce development programs, but the bureaucratic controls in this system are nowhere near the complexity of the regulations in education. The goals of flexibility and responsiveness to changing labor market conditions have been more important for workforce development than for education, and we presume that difference will persist.

We do *not* mean to suggest that there is anything inevitable about workforce development going the way of education. As we have stressed throughout this report, states have run into considerable problems trying to implement their visions. Many have taken giant steps backward,

particularly with changes of governors and changes of direction; and there is a great deal of skepticism that greater coordination is worth its costs. Instead, we have outlined the analogy between the workforce development system and the education system in order to pose the most fundamental question: *What do we as citizens, employees, policymakers, and employers want of our public systems?* It is then possible to outline numerous possibilities:

- If we want transparency to potential clients and employers, then simplification and better information are necessary.
- If we believe in the ideals of "lifelong learning," with individuals able to access education and training at various stages in their lives, and, thus, able to continue developing their abilities, then linkages among programs are necessary in addition to transparency.
- If we are serious about creating "a workforce for the 21st century," then the difficult issues of quality must be addressed more consistently than they have been.
- If we value flexibility and responsiveness, then certain mechanisms of accountability are too ponderous; if we want accountability above all else, we may impose mechanisms that limit both flexibility and quality unless they are carefully developed.
- If we prize equity, then we must revise the priorities in a system that provides the least to the most needy among us—for example, welfare recipients who are relegated to "work first."

As states move to develop more coherent systems, these questions and the potential answers to them become clearer. The question in the years ahead is whether localities and states—and the federal government, in many ways responsible for the creation of workforce development programs—address these questions forthrightly, or whether they answer them indirectly, through the policies they enact without thought or principle.

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## **APPENDIX A**

# **Local and State Protocols**

### ***Local-Level Protocol***

#### **Individuals To Interview**

- Director of special programs or contract education for the community college
- Director of adult education
- Staff director of the Service Delivery Area
- Coordinator for welfare-to-work of the local welfare board
- Local director for one-stops??
- Local Employment Service??
- Local or regional coordination board

#### **Basic Questions about Local Developments**

Introduction: purpose of the study; confidentiality

1. What has this state done during the past five years to coordinate, consolidate, or otherwise improve its "system" of education and job training?

Probe: Why was this approach chosen over others?

What political issues determined these changes?

What programmatic concerns determined these changes?

What are the overall goals and intended effects?

Had there been previous such efforts at the state level?

2. Were these changes desirable from your local perspective?

Probe: What were the intended changes? Was there a real problem at the local level?

3. What power does the innovation (e.g., a SHRIC or an advisory committee) have?

Advisory only? To whom?

Decisionmaking authority? With what limits?

Operating authority?

Does the state effort have enough power or influence over local programs to cause changes? If not, what does drive local efforts?

4. What has happened during the first few years (first few months)? Distinguish errors and bureaucratic problems from programmatic problems and policy disagreements.

Probe: What differences in perspective are there within the state?

What differences among local communities in reactions to state policy have there been?

Have any evaluation mechanisms been established? Collect if possible.

5. What effects on *your* local programs have there been so far? What changes are anticipated in the near future? If there are changes, do these improve the way you operate?
6. What students/clients from other programs do you serve? In regular offerings? In special offerings? Do you send your students to other programs? If so, which ones? How are they selected?
7. What changes are being contemplated in the states' welfare program and in welfare-to-work? How will this influence your local program? Do the changes in the state education and training "system" facilitate or impede changes in welfare-to-work? (Too early to tell?)
8. What other changes does this state anticipate over the coming decade? Do the changes in the state education and training "system" facilitate or impede responding to these changes? (Too early to tell?) How will they affect your local program?
9. Are there some exemplary local programs that are widely known in your community? Throughout the state? (Get specifics: why considered exemplary; whom to contact) What role has state policy played in these exemplary efforts? (Or are they locally developed?)
10. If you could change one thing in the state's administration of education and job training programs, what would it be? What would you change in your local program?

## *State-Level Protocol*

### **Individuals To Interview**

- State agency responsible for community colleges
- State coordinating board for higher education (if different)
- State director of adult education
- State Human Resource Investment Council (if it exists) or State Job Training Coordinating Council
- State director for one-stops
- Employment Service
- Head of welfare-to-work programs
- State coordinating council (if it exists)
- Staff members responsible for education and training in legislative research offices—for example, a house or senate (or legislative) office of research
- Other knowledgeable individuals

### **Basic Questions about State Changes**

Introduction: purpose of the study; confidentiality

1. What has this state done during the past five years to coordinate, consolidate, or otherwise improve its "system" of education and job training?

Probe: Why was this approach chosen over others?

What political issues determined these changes?

What programmatic concerns determined these changes?

What are the overall goals and intended effects?

Collect any available reports.

Had there been previous such efforts at the state level?

2. What programs have been included in any changes? Which have been left out?

Probe: Why were some programs included and excluded?

Political and programmatic issues?

3. What power does the innovation (e.g., a SHRIC or an advisory committee) have?

Advisory only? To whom?

Decisionmaking authority? With what limits?

Operating authority?

4. What has happened during the first few years (first few months)? Distinguish errors and bureaucratic problems from programmatic problems and policy disagreements.

Probe: What differences in perspective are there within the state?  
Have any evaluation mechanisms been established? Collect if possible.
5. What effects on local programs have there been so far? What changes are anticipated in the near future?
6. What changes are being contemplated in the state welfare program and in welfare-to-work? How will this influence education and job training? Do the changes in the state education and training "system" facilitate or impede changes in welfare-to-work? (Too early to tell?)
7. What other changes does this state anticipate over the coming decade? Do the changes in the state education and training "system" facilitate or impede responding to these changes? (Too early to tell?)
8. Are there some local communities that are more advanced than others in implementing changes? Probe for which two local communities would be most useful to visit.
9. Are there some exemplary local programs that are widely known throughout the state? (Get specifics: why considered exemplary; whom to contact) What role has state policy played in these exemplary efforts? (Or are they locally developed?)
10. If you could change one thing in the state's administration of education and job training programs, what would it be?

# Localities and States Examined

Arizona	Maricopa County Community College District (Phoenix)
Florida	Central Florida—Orlando Volusia and Flagler County Partnership for Workforce Development
Iowa	Mason City and the 9-county Regional Advisory Board Cedar Rapids
Maryland	Baltimore City Frederick County
Massachusetts	Boston Hampton County/Springfield
Michigan	Kalamazoo Traverse City
North Carolina	Greensboro Whiteville
Oklahoma	Muskogee Tulsa
Oregon	Region 3 (Yamhill, Marion, and Polk Counties, around Salem) Region 7 (Coos County and Curry County)
Texas	Dallas County Workforce Development Board West Central Texas Workforce Development Board (around Abilene)
Wisconsin	Madison Waukesha County



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